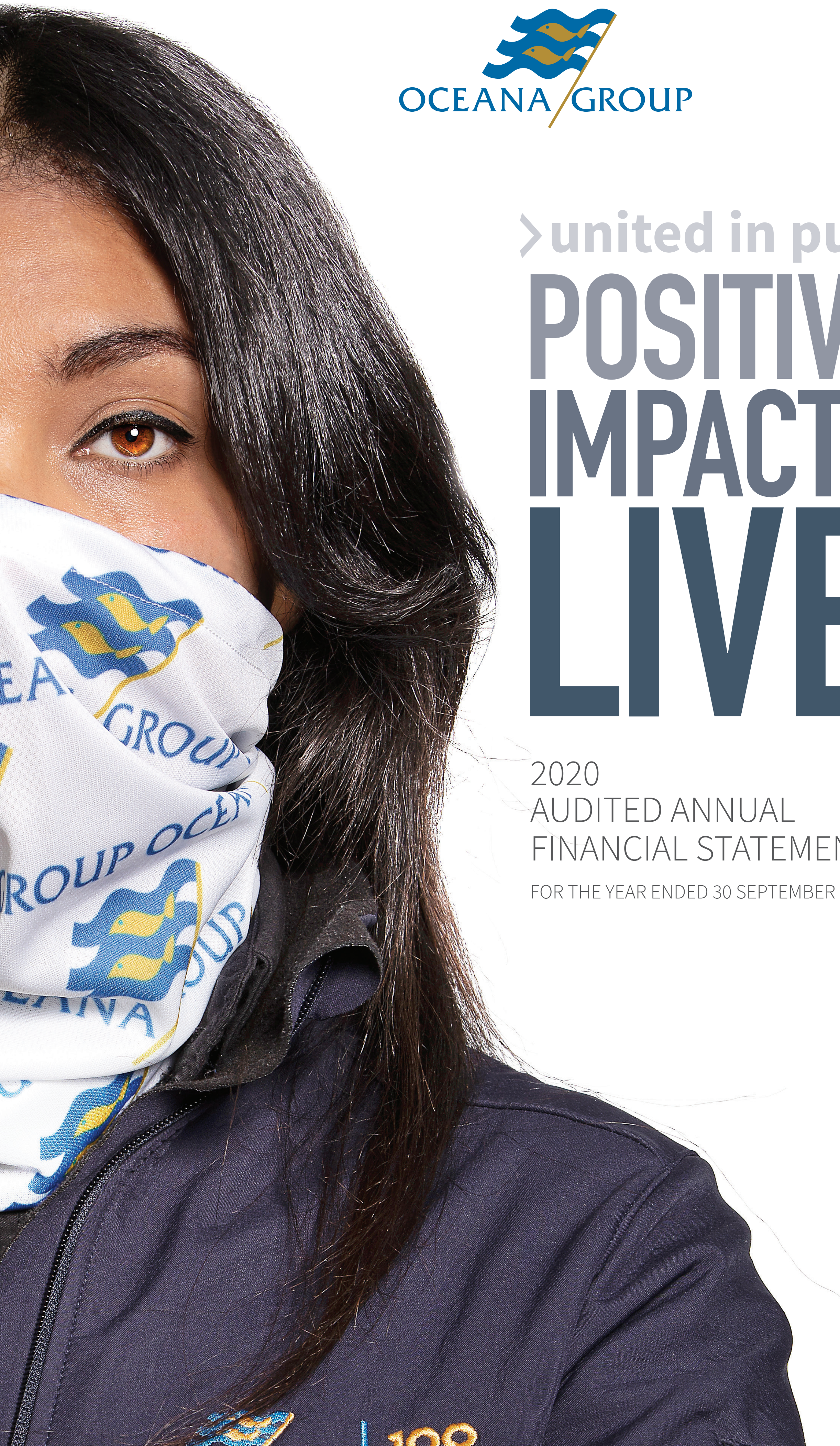
OCEANA GROUP



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POSITIVELY IMPACTING LIVES

2020
AUDITED ANNUAL
FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER

CONTENTS

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

APPROVAL OF ANNUAL FINANCIAL STATEMENTS

The group annual financial statements and the company annual financial statements of Oceana Group Limited, for the year ended 30 September 2020, which appear on pages 6 to 95, were approved by the board of directors on 03 December 2020 and signed on its behalf by:

MA Brey
Chairman

I Soomra
Chief executive officer

PREPARATION OF ANNUAL FINANCIAL STATEMENTS

The group annual financial statements and the company annual financial statements of Oceana Group Limited were prepared under the supervision of the interim chief financial officer, T Giles CA(SA). These annual financial statements have been prepared in compliance with the Companies Act, No. 71 of 2008.

CERTIFICATE BY THE COMPANY SECRETARY

I certify that Oceana Group Limited has filed all the Oceana Group returns and notices as required by a public company in terms of section 88(2)(e) of the Companies Act, No. 71 of 2008, as amended, and that such returns and notices are, to the best of my knowledge and belief, true, correct and up to date.

A Fortune
Company secretary
03 December 2020

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF OCEANA GROUP LIMITED

REPORT ON THE AUDIT OF THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

OPINION

We have audited the consolidated and separate financial statements of Oceana Group Limited (the Group and Company) set out on pages 14 to 92, which comprise the consolidated and separate statements of financial position as at 30 September 2020, and the consolidated and separate statements of comprehensive income, the consolidated and separate statements of changes in equity and the consolidated and separate statements of cash flows for the year then ended, and notes to the consolidated and separate financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated and separate financial statements present fairly, in all material respects, the consolidated and separate financial position of Oceana Group Limited as at 30 September 2020, and its consolidated and separate financial performance and consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa.

BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated and Separate Financial Statements section of our report. We are independent of the Group and Company in accordance with the Independent Regulatory Board for Auditors' Code of Professional Conduct for Registered Auditors (IRBA Code) and other independence requirements applicable to performing audits of financial statements in South Africa. We have fulfilled our other ethical responsibilities in accordance with the IRBA Code and in accordance with other ethical requirements applicable to performing audits in South Africa. The IRBA Code is consistent with the corresponding sections of the International Ethics Standards Board for Accountants' (IESBA) International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code). We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated and separate financial statements of the current period. These matters were addressed in the context of our audit of the consolidated and separate financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The key audit matters presented below are applicable to the Consolidated financial statements. We have not identified any key audit matters applicable to the separate financial statements.

Key audit matter	How the matter was addressed in the audit
Valuation of goodwill and other indefinite useful life intangible assets of Daybrook (Group)	
Goodwill and other indefinite useful life intangible assets of Daybrook represent 43% (2019: 43%) of the total assets of the Group. These arose primarily in the acquisition of Daybrook in previous periods. As required by the applicable accounting standards, the Directors have conducted an impairment test at least on an annual basis to assess the recoverability of the carrying value of the goodwill and other indefinite useful life intangible assets. This was performed by determining the recoverable amount of the Cash Generating Unit ("CGU") to which the carrying amounts of the goodwill and other indefinite useful life intangible assets have been allocated to. The recoverable amounts were determined based on a value-in-use calculation using cash flow forecasts approved by the directors. As disclosed in note 13, there are a number of key judgements and estimates made in determining the inputs into these models which include: • Catch volumes to determine forecast revenue; • Forecast gross margin and production yields; and • Growth rates and discount rates (weighted average cost of capital), applied to the projected future cash flows.	Our audit procedures performed on the assessment of the impairment of goodwill and other indefinite useful life intangible assets focused on the key areas of subjectivity, judgement and estimates made by the directors. Our audit procedures included: • Obtaining an understanding of the cash flow forecast model used and critically evaluating whether the future projected cash flows approved by the directors to calculate the recoverable amount based on a value-in-use calculations of the individual CGU complies with the requirements of IAS 36 - Impairment of Assets (IAS 36); • Performing sensitivity analyses on key areas of judgement and estimation including catch volumes, gross margins, production yields, growth rates and discount rates to evaluate the extent of the impact on the value-in-use calculation ; • Obtaining an understanding of the relevant controls related to the goodwill and other indefinite useful life intangible assets' amortisation and impairment considerations and recording thereof; • Evaluating the design and implementation of relevant controls identified; • Assessing the reasonability of the future projected cash flows, including the assumptions relating to catch volumes, gross margins and production yields to historical performance, other external evidence and the expected economic outlook to test the accuracy of the directors' projections; • Engaging our internal specialists to independently assess the reasonability of the discount rates and growth rates used in the value-in-use calculations; • Recalculating the value-in-use of the CGUs; and • Assessing the adequacy of the Group's disclosures in respect of goodwill and other indefinite useful life intangible assets of Daybrook in the notes to the consolidated financial statements.
Accordingly, due to the level of subjectivity, judgement and estimation involved, the valuation of goodwill and other indefinite useful life assets of Daybrook is considered to be a key audit matter.	We found that the assumptions used by the directors were reasonable given historical performance, external evidence and the expected future outlook and the associated disclosures appropriate.

OTHER INFORMATION

The directors are responsible for the other information. The other information comprises the information included in the document titled "Oceana Group Audited Financial Statements for the year ended 30 September 2020", which includes the Report of the Directors, the Report of the Audit Committee and the Report of the Company Secretary as required by the Companies Act of South Africa, which we obtained prior to the date of this report, and the Integrated Report, which is expected to be made available to us after that date. The other information does not include the consolidated and separate financial statements and our auditor's report thereon.

Our opinion on the consolidated and separate financial statements does not cover the other information and we do not and will not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the consolidated and separate financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated and separate financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF OCEANA GROUP LIMITED continued

RESPONSIBILITIES OF THE DIRECTORS FOR THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

The directors are responsible for the preparation and fair presentation of the consolidated and separate financial statements in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa, and for such internal control as the directors determine is necessary to enable the preparation of consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated and separate financial statements, the directors are responsible for assessing the Group's and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group and / or the Company or to cease operations, or have no realistic alternative but to do so.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated and separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated and separate financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated and separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and / or the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the consolidated and separate financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In terms of the IRBA Rule published in Government Gazette Number 39475 dated 4 December 2015, we report that Deloitte & Touche has been the auditor of Oceana Group Limited for 77 years.

Deloitte & Touche

Deloitte & Touche
Registered auditor
Per: Sphiwe Stemela
Partner
3 December 2020

The Ridge
6 Marina Road
Portswood District
V&A Waterfront
Cape Town, 8000

REPORT OF THE DIRECTORS

The directors submit their report which forms part of the annual financial statements for the year ended 30 September 2020.

NATURE OF BUSINESS AND OPERATIONS

Incorporated in 1918 and listed on the Johannesburg (JSE) and Namibian (NSX) stock exchanges, Oceana Group is a fishing company in Africa and a participant in the South African, Namibian and US fishing industries. Oceana's fishing and production-related activities are conducted primarily through three operating divisions: Lucky Star; Daybrook Fisheries and Blue Continent Products. A fourth division, Commercial Cold Storage Logistics, provides refrigerated warehouse facilities with operations in South Africa and Namibia. This structure creates value through economies of scale and efficiencies in terms of raw material and product volumes, use of vessels and production resources, market focus, risk management and growth opportunities.

The group consists of a number of operating subsidiaries, associates and joint ventures, engaged in the catching, processing and procurement of various marine species, including pilchard, anchovy, redeye herring, Gulf menhaden, tuna, lobster, squid, horse mackerel and hake and also provides refrigerated warehouse facilities and logistical support services. In addition, the company also carries on the business of investing funds surplus to its immediate requirements and providing funding, administration and management services to subsidiaries.

COVID-19 PANDEMIC

The outbreak of the Covid-19 pandemic in the second quarter of the financial year, and the severe lockdown measures introduced in the areas in which the group operates, imposed new challenges for the group and its operations. The group was classified as an essential services provider in all geographic regions in which it operates, which allowed for the operations to continue during the lockdown period subject to the implementation of stringent standard operating procedures and protocols. The board and management have addressed the impact of the pandemic with a risk-based approach. This included identifying the following key risk categories, and designing and implementing mitigating actions and controls to protect the group and its various stakeholders:

- Safety and wellbeing of employees
- Corporate funding capacity and financial covenants;
- Sustainability of revenue;
- Sustainability of customers and associated credit risk;
- Sustainability of suppliers and potential supply chain interruptions;
- Sustainability of operations, including the effect on employees; and
- Immediate and medium-term liquidity

The group incurred additional costs in the provision of personal protective equipment, dedicated staff transport, food parcels and staff recognition bonuses for frontline workers, in order to provide a safe working environment at both our land and sea-based operations. In addition to the fortitude demonstrated by our workforce, this resulted largely in uninterrupted and continuous harvesting, processing and supply of product.

Notwithstanding this level of resilience, during the period our fishing operations suffered intermittent disruptions due to Covid-19 infections. This resulted in lost harvesting time, particularly in our USA and Namibian operations.

SHARE CAPITAL

During the year under review, 72 533 shares (2019: 87 550 shares) were allotted in terms of the company's' share scheme. Premiums totalling R1.1 million (2019: R1.3 million) in respect of these allotments have been credited to stated capital.

Details of the authorised and issued share capital of the company are set out in Note 21.

The company's shares are listed on the JSE Limited (JSE share code: OCE) and the Namibian Stock Exchange (NSX share code: OCG).

FINANCIAL RESULTS

The results for the year under review are reflected in the consolidated statements of comprehensive income on page 14.

SPECIAL RESOLUTIONS

During the year, the company's shareholders passed special resolutions: to approve and authorise the provision of financial assistance by the company as contemplated in section 45 of the Companies Act, No. 71 of 2008; to approve and authorise the provision of financial assistance by the company as contemplated in section 44 of the Companies Act, No. 71 of 2008; to approve the non-executive directors' remuneration in their capacity as directors only, as well as, to grant general approval and authorisation to repurchase the issued shares by the company or its subsidiaries.

DIVIDENDS

Dividends paid during the year and dividends declared after the reporting date are set out in Note 9.

PROPERTY, PLANT AND EQUIPMENT

Capital expenditure during the year amounted to R239.9 million (2019: R228.1 million) on expansionary and replacement assets (excluding intangible and right-of-use assets). During the year, there was no major change in the nature of the assets nor in the policy relating to their use. Further details are disclosed in Note 10.

IFRS 16 RIGHT-OF-USE ASSETS AND LIABILITIES

- IFRS 16 was adopted at the transition date 1 October 2019 as detailed in accounting policy Note 5.
- R185.0 million right-of-use assets was capitalised.
- R265.6 million lease liabilities were recognised.
- Lease smoothing liabilities of R5.0 million were derecognised in the current financial year relating to IAS 17 recognised in the previous financial year.
- R21.8 million deferred tax on transition was recognised.
- The net impact on equity for the shareholders of Oceana and the non-controlling interests was a decrease of R50.1 million and R3.6 million respectively.

DIRECTORS

The names of the current directors can be found in a separate schedule on page 96, along with the name, business and postal address of the company secretary.

DIRECTORS' INTERESTS IN SHARES

The aggregate direct and indirect beneficial interest of the directors in the issued share capital of the company at 30 September 2020 was as follows:

	Number of shares		
	Direct beneficial	Indirect beneficial	Aggregate
2020			
I Soomra	**24 247**	**200 723**	**224 970**
2019			
I Soomra	17 270	166 160	183 430
E Bosch		55 000	55 000

There have been no changes in the above interest up to the date of approval of the annual financial statements. No director holds 1% or more of the issued share capital of the company. Details of directors' individual interests in options held in terms of the Oceana Group (1985) Share Option and Share Purchase Schemes and remuneration are set out in Note 37.

SUBSIDIARIES, ASSOCIATE AND JOINT VENTURES

Details of subsidiaries, associate, joint ventures and joint operations are given in separate schedules on pages 93 and 94.

The interest of the company for the year in the total profits and losses after taxation of its subsidiaries, associate and joint ventures was as follows:

	2020 R'000	2019 R'000
Total profit after taxation attributable to shareholders of Oceana Group Limited	**837 452**	686 475
Total losses after taxation attributable to shareholders of Oceana Group Limited	**(21 301)**	(38 108)
	816 151	648 367

DIRECTORS' RESPONSIBILITY FOR ANNUAL FINANCIAL STATEMENTS

The directors are responsible for the preparation and fair presentation of the group and company annual financial statements of Oceana Group Limited, comprising the statements of financial position at 30 September 2020, and the statements of comprehensive income, statements of changes in equity and cash flows for the year ended, and the notes to the annual financial statements which includes a summary of significant accounting policies and other explanatory notes, in accordance with International Financial Reporting Standards, the requirements of the Companies Act, No. 71 of 2008 of South Africa and the JSE Listings Requirements. The directors confirm that no material facts have been omitted or untrue statements made that would render the annual financial statements false or misleading.

INTERNAL CONTROL

The directors are responsible to ensure internal controls are in place and are adequate and effective and can be relied on to enable the preparation of annual financial statements that are free from material misstatement, whether due to fraud or error, and for maintaining adequate accounting records and effective systems of risk management as well as the preparation of the supplementary schedules included in these annual financial statements.

GOING CONCERN

The directors have made an assessment of the ability of the group and the company to continue as a going concern and have no reason to believe that the business will not be a going concern in the period ahead. Taking into account the risks associated with the Covid-19 pandemic, the directors believe that the group and company have adequate financial resources to continue its operations into the foreseeable future.

LITIGATION

No material litigious matters are outstanding for the group and company that require further presentation or disclosure in these audited group and company financial statements.

CHANGES TO DIRECTORATE

A Jakoet was appointed as a non-executive director to the board with effect from 14 November 2019.

E Bosch resigned as chief financial officer with effect from 31 January 2020.

H Karrim was appointed as chief financial officer with effect from 1 November 2020.

AUDITORS

Following the conclusion of a tender process, the audit committee has recommended, and the board has endorsed the proposed appointment of PricewaterhouseCoopers Incorporated as the external auditors of Oceana with effect from the financial year ending 30 September 2021. The change in external auditor was initiated by Oceana's decision to early adopt mandatory audit firm rotation. This appointment will be put to shareholders in accordance with section 90(1) of the Companies Act, No.71 of 2008 at the annual general meeting of the Company scheduled for March 2021 and will be effective 1 January 2021. Deloitte & Touche have continued to audit Oceana's accounts in respect of the financial year ended 30 September 2020.

EVENTS SUBSEQUENT TO THE REPORTING DATE

At the date of this report the, the Covid-19 pandemic has had no further significant effect on the operations of the group and company since the year-end. The group and company continues to monitor the potential outcomes of the Covid-19 pandemic and maintains sufficient liquidity to withstand any foreseeable disruptions.

Other than the dividend that has been declared (refer to Note 9) after the reporting period, no further events occurred after the reporting date that may have an impact on the group and company's reported positions at 30 September 2020 or require separate disclosure in these group and company financial statements.

REPORT OF THE AUDIT COMMITTEE

FOR THE YEAR ENDED SEPTEMBER 2020

The Oceana Group Limited ("Oceana" or "group") audit committee (or "the Committee") is a formal statutory committee in terms of the Companies' Act, No. 71 of 2008, as amended (Companies Act) and is a committee of the board. This report of the committee has been prepared based on the requirements of the Companies' Act, the King Code of Governance for SA (King IV) and the JSE Listings Requirements. This report sets out how the committee has satisfied its various statutory obligations during the year, as well as highlighting some of the areas of focus and how these have been addressed.

OVERALL ROLE, RESPONSIBILITIES AND FUNCTIONS

The Committee is responsible for fulfilling its statutory responsibilities under section 94(7) of the Companies Act, No.71 of 2008 and for providing independent oversight, particularly with regard to:

a. The integrity of the group and company financial statements, financial reporting and, to the extent delegated by the board, other external reports issued by the group.

b. The effectiveness of the group's systems of internal control, assurance function and services, with particular focus on the combined assurance arrangements.

c. Assessing the effectiveness of the internal audit function, the Chief Financial Officer (CFO) and finance function and the independence and effectiveness of external auditors.

d. The effectiveness of the technology and information governance and risk management framework.

e. The Committee also has oversight responsibilities over registered public entities and key subsidiaries within the group, including Oceana US Investment Holding Corporation.

The Committee functions within documented terms of reference, which can be viewed on our website at www.oceana.co.za or can be requested from the group's company secretary whose contact details are available on page 96.

COMPOSITION OF THE COMMITTEE

The Committee, appointed by the shareholders on 3 March 2020 to hold office until the conclusion of the next annual general meeting scheduled for 24 March 2021, is comprised of four independent non-executive directors of the company, being Mr S Pather (Chairman), Ms ZBM Bassa, Mr PG de Beyer and Mr A Jakoet, who all satisfy the requirements to serve as members of an audit committee. The qualifications and the experience of the members of the Committee can be viewed on our website at www.oceana.co.za.

Fees paid to the committee members for the 2020 financial year are disclosed in Note 37 to the annual financial statements.

WORK PLAN AND MEETINGS

The Committee adopted a formal work plan designed to structure execution of responsibilities over the year. It met three times during the year, with full attendance by all members. Attendance at meetings by directors who are not members of the Committee and management is by way of invitation.

The Committee provides a forum through which the external and internal auditors' report to the board. The external and internal auditors are standing invitees to committee meetings, as is the board chairman, CEO and CFO.

The auditors have unrestricted access to the Committee and its chairman at all times, ensuring that their independence is not impaired. Both the external and internal auditors have the opportunity of addressing the committee and its chairman at each of the meetings without management being present.

The Committee reviews detailed reports from both the external and internal auditors. The chairman of the Committee reports on all matters discussed, including the findings of the external and internal auditors at board meetings.

The independence of the Committee is key to its effective functioning, whilst ensuring that it does not assume the functions of management. As part of its mandate, the Committee has the authority to consult with specialists to assist it in the performance of its functions, subject to a board-approved process.

APPOINTMENT OF EXTERNAL AND INTERNAL AUDITORS

In terms of section 90 of the Companies Act, No.71 of 2008, the Committee is responsible for the nomination, compensation and oversight of the external auditors for the group and company. The Committee has concluded a tender process and recommended the proposed appointment of PricewaterhouseCoopers (PWC) as the external auditor for the next financial year which the board has endorsed. This appointment will be put to shareholders at the annual general meeting of the Company scheduled for 24 March 2021.

PWC has provided the Committee with the information detailed in paragraph 22.15(h) of the JSE Limited Listings Requirements to assist the Committee in their assessment of the suitability for appointment of PWC as the external auditors of the company and the appointment of R Jacobs as designated individual partner as required in terms of paragraph 3.84(g) of the JSE Limited Listings Requirements.

Additionally, in terms of its charter, the committee is responsible for the appointment of the company's internal auditors. Ernst & Young (EY) are the group's incumbent internal auditors.

The Committee approves the fees of external and internal auditors and the policy, level of and scope of external non-audit services. The Committee monitored and ensured that fees for non-audit services were in line with the group's Non-Audit Fee Policy.

The Committee is responsible for the maintenance of a professional relationship with both the external and internal auditors and oversees co-operation between these parties.

INDEPENDENCE OF EXTERNAL AUDITORS

Deloitte was appointed as the group and company's external auditors in 1942. S Stimela replaced A Legge as the designated lead audit partner with effect from 2 September 2020. The committee considered and were satisfied with the qualifications and experience of Mr S Stimela before confirming him as designated lead audit partner for the group and company. Whilst Deloitte have been the external auditors of the group and company for an extended period of time, the committee remains of the view and is satisfied that the external auditor is independent of the group and company. Changes in the group and company's management structure and the resignation, appointment and re-assignment of persons holding senior management positions over time has been an additional mitigating factor against the risk of familiarity between the external auditor and management.

The Committee has formal rules, which are detailed in its policy on the use of external auditors for non-audit services, for regulating the services and conditions of use of non-audit services provided by the external auditors, governing, *inter alia*, compliance issues, taxation, group and company structure, information systems, organisational structure, remuneration structure, risk management services, audit certificates in relation to fishing rights, due diligence investigations and such other services as the committee may approve and which are permitted by legislation and regulations. The group and company's independent external auditors do not assist in the performance of any internal audit assignments.

The Committee and management maintained a positive, objective and professional relationship with the partner responsible for the supervision and direction of the audit.

QUALITY OF EXTERNAL AUDIT

The Committee is satisfied with the appropriateness of the expertise, experience and resources of the external auditor, the external audit partners and with the quality of the external audit during the reporting year . The Committee has also assessed the accreditation of the external audit firm and designated audit partner, in terms of the JSE Listing Requirement, and is satisfied with their JSE accreditation.

SIGNIFICANT MATTERS IN RELATION TO THE ANNUAL FINANCIAL STATEMENTS

The External Auditor's Report on pages 2 to 5 details the matters considered by the Committee and the external auditors to be significant in relation to the annual financial statements for the year under review and the manner in which the key audit matter was addressed. The key audit matter was:

- Valuation of goodwill and indefinite useful life intangible assets

The Committee reviewed the external auditor's audit report including the key audit matter identified by the external auditors which are included in the Oceana Group Limited, group and company annual financial statements. The Committee has considered the appropriateness of the key audit matter reported on by the external auditors and is satisfied with management's treatment and audit responses thereof.

INTERNAL AUDIT

The internal audit function is outsourced, and the appointment of the internal audit provider is reviewed on an annual basis. Vince Paino, a director at EY, has fulfilled the role of chief internal audit executive since April 2019. The internal auditors operate in terms of an internal audit charter, which is reviewed annually and was reviewed during the year, under the direction of the Committee, which approves the scope of the work to be performed. Significant findings are reported to both executive management and the Committee and corrective action is taken by management to address identified internal control deficiencies.

The Committee is satisfied with the appropriateness of the expertise, effectiveness and resources of the internal audit function; and that of the chief internal audit executive and their compliance with the duties and responsibilities as mandated by the Committee.

In addition, an audit findings tracker was set up and operationalised during 2019 whereby the status of all audit findings from the preceding three years are reviewed by management on a self-assessment approach thereby ensuring more regular reporting on remediation of control findings. EY follows up on all significant audit findings within 12 months of managements self-assessment.

COMBINED ASSURANCE

The Committee is responsible for overseeing combined assurance activities. The combined assurance framework establishes co-ordinated assurance activities between the lines of assurance across the organisation. There is ongoing focus on increased collaboration and reducing duplication of activities.

Each year the Committee reviews, updates and approves a three-year rolling internal audit plan. The chief internal audit executive attends the Risk Committee and Audit Committee meetings as well as having regular engagements with the CFO and other senior executives. The internal audit plan is compiled using a risk-based approach and through extensive consultation between the internal auditors and Oceana management, taking into consideration the entire risk universe affecting Oceana.

The committee is satisfied that the arrangements in place for combined assurance in the company are effective.

CFO AND FINANCE FUNCTION

E Bosch, a chartered accountant, served as CFO during the period 17 June 2019 to 31 January 2020. T Giles, a chartered accountant, served as Interim CFO during the period 1 February 2020 to 31 October 2020. H Karrim, a chartered accountant, was appointed as CFO from 1 November 2020. The committee is satisfied with the expertise, competence and skill of E Bosch, T Giles and H Karrim, in their capacities as CFOs and Interim CFO as indicated.

The committee is satisfied with the structure, expertise, competence and skill set of the finance function and that both the CFO and finance function are effective.

INTERNAL CONTROLS

Oceana maintains manual and automated internal controls and systems designed to provide reasonable assurance as to the integrity and reliability of accounting records and the financial statements and to adequately safeguard, verify and maintain accountability for its assets. The Committee reviews the effectiveness of the procedures, policies and system of internal controls adopted by group companies to address potential risks within Oceana and provide reasonable assurance about the effectiveness and efficiency of operations, reliability of financial reporting and compliance with applicable laws and regulations. On an annual basis, internal audit provides input to the Committee on the effectiveness of the group's governance, risk management and control processes, based on the audits undertaken under the annual audit plan. The internal audit results indicate that a reasonable degree of reliance can be placed on the design and implementation of internal controls to mitigate those inherent risks to which the underlying business processes are exposed. The Committee has not received any report of and is satisfied that no significant weaknesses were found in the design, implementation or execution of internal financial controls which resulted in material financial loss, fraud, corruption or errors for the group or company.

RISK MANAGEMENT

The Committee has oversight of fraud and technology and information governance risks. The Committee fulfils an oversight role regarding financial reporting risks, internal financial controls, fraud risk as it relates to financial reporting and technology and information governance risks as they relate to financial reporting. On the basis of an enterprise risk review concluded during the year, internal audit concluded that processes are deemed adequate to ensure that key risks are identified , assessed, managed and reported under Oceana's risk policy and framework to the Board Risk Committee.

TECHNOLOGY AND INFORMATION GOVERNANCE

Oceana is committed to the highest level of technology and information governance, as managed by the group chief information officer (CIO). Oceana's information systems (IS) governance framework is central to our strategic and business processes and supports the achievement of our strategic objectives.

The IS charter sets the overall purpose of the function, its management and security. The IS department presents an IT Governance Report to the Committee bi-annually, covering, *inter alia*, architecture and technology, change management, operations, risk, security and compliance, and strategy. An overarching Information Governance framework has been implemented, resulting in the creation of IT governance bodies comprised of senior Oceana management.

Our corporate governance structures and processes are regularly reviewed and improved as appropriate. Oceana currently complies with the significant technology and information governance principles of King IV.

Key strategic focus areas during the financial year were cyber security, including security awareness training, optimising Oceana's IT infrastructure and systems to support organisational efficiencies and enabling and supporting Oceana's workforce to work from home in the Covid-19 environment.

FOCUS AREAS AND STATUTORY DUTIES

The Committee is satisfied that it has fulfilled its responsibilities and discharged its duties in accordance with its statutory duties (the Companies Act, No.71 of 2008 section 94 (7)), the JSE Limited and NSX Listings Requirements, its board mandate and charter during the reporting period. The Committee has:

- Set the direction for financial reporting;
- Reviewed and recommended to the board the annual financial statements, interim reports and summarised financial statements;
- Considered and nominated the external auditor for appointment at the annual general meeting; determined the fees to be paid to the external auditors and their terms of engagement;
- Determined the nature and extent of non-audit services and pre-approved any proposed agreement with the external auditors for the provision of non-audit services; satisfied itself with respect to external auditor independence and audit quality;
- Made submissions to the board on matters concerning the company's accounting policies;
- Reviewed the solvency and liquidity, debt covenant compliance and going concern position;
- Satisfied itself on the internal controls, internal financial controls, records and reporting;
- Considered the effectiveness and independence of the Chief Internal Audit Executive and the internal audit function;
- Performed oversight functions as determined by the board;
- Received and considered the JSE proactive monitoring of financial statements reports; and
- Satisfied itself that the appropriate financial reporting procedures are in place and are operating.

COMPLAINTS AND/OR CONCERNS

No complaints or concerns were received by the Committee on any matters relating to the accounting practices and internal audit of the group or the company or the internal financial controls of the group or the company or on any other related matter during the year under review.

GOING-CONCERN

The Committee reviewed the going-concern statement and supporting calculation (refer to Note 40) as required by the Companies Act, No.71 of 2008 and have no reason to believe that the business will not be a going concern in the year ahead. Taking into account the risks associated with the Covid-19 pandemic, the Committee is satified, that the group and company have adequate financial resources to continue their operations into the foreseeable future.

EVALUATION AND RE-ELECTION

The performance of the Committee is assessed annually as part of an effectiveness review of the board and all its committees. The externally facilitated review and assessment, performed during 2020, concluded that the Committee operated effectively and successfully discharged its responsibilities and duties during the year under review. The board is satisfied, based on the results of the assessment that the Committee has performed its duties effectively and that committee members have the necessary skills and experience to discharge their duties effectively.

The board, on the recommendation of the Remuneration and Nomination Committee, has nominated the current members for re-election at the upcoming annual general meeting in 2021.

JSE reporting requirements

The Company Secretary and management are satisfied that the Group has met the JSE Listings Requirements and the requirements of the King IV™ Codes. The King IV™ application code can be found on the group's website: www.oceana.co.za.

JSE proactive monitoring reports

The Committee has received and considered the findings in the following reports on the JSE's proactive monitoring of financial statements for compliance with IFRS:

- Reporting back on proactive monitoring of financial statements in 2019.
- Final findings of thematic review for compliance with IFRS 9 and IFRS 15 in 2019.
- Activities of the financial reporting investigations panel in 2019.
- The following extracts from the combined findings report (2011 to 2018) were considered:
    a. Transparency when reporting errors (pages 20 to 21).
    b. Statement of cash flows (pages 21 to 31).
    c. Income taxes (pages 32 to 34).
    d. Impairments (pages 43 to 45).

The Committee has ensured that where applicable the contents of these reports have been appropriately actioned in the preparation of the group and company annual financial statements for the year ended 30 September 2020.

CONCLUSION

In signing this report on behalf of the Committee, I would like to thank my fellow committee members and invitee non-executive directors, the external and internal auditors and management for their contributions to the Committee during the year.

S Pather
Audit Committee chairman
03 December 2020

STATEMENTS OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 SEPTEMBER 2020

	Notes	Group 2020 R'000	Group 2019 R'000	Company 2020 R'000	Company 2019 R'000
Revenue	1	**8 308 341**	7 647 415	**954 238**	484 568
Cost of sales	19	**(5 338 068)**	(5 026 779)		
Gross profit		**2 970 273**	2 620 636	**954 238**	484 568
Sales and distribution expenditure		**(461 095)**	(433 951)		
Marketing expenditure		**(59 993)**	(59 045)		
Overhead expenditure		**(1 082 222)**	(976 556)	**(265 379)**	(218 477)
Net foreign exchange (loss)/gain		**(3 146)**	30 093	**17 007**	2 692
Operating profit before associate and joint venture profit/(loss)	2	**1 363 817**	1 181 177	**705 866**	268 783
Associate and joint venture profit/(loss)	16	**18 462**	(5 852)		
Operating profit before other operating items		**1 382 279**	1 175 325	**705 866**	268 783
Other operating income/(expense) items	4	**17 188**	(17 447)	**(13 540)**	(93 341)
Operating profit		**1 399 467**	1 157 878	**692 326**	175 442
Interest income	5	**18 383**	33 681	**41 358**	31 132
Interest expense	6	**(271 959)**	(294 547)	**(46 312)**	(40 786)
Profit before taxation		**1 145 891**	897 012	**687 372**	165 788
Taxation expense	7	**(329 740)**	(248 645)	**(24 494)**	(13 024)
Profit after taxation		**816 151**	648 367	**662 878**	152 764
Other comprehensive income					
Items that may be reclassified subsequently to profit or loss:					
Movement on foreign currency translation reserve		**524 635**	292 221		
Movement on foreign currency translation reserve from associate and joint ventures		**31 643**	16 963		
Movement on cash flow hedging reserve		**(69 609)**	(23 951)		
Movement on cash flow hedging reserve from associate[1]		**(2 120)**	(3 880)		
Income tax related to loss recognised in equity		**11 208**	5 276		
Other comprehensive income, net of taxation		**495 757**	286 629		
Total comprehensive income for the year		**1 311 908**	934 996	**662 878**	152 764
Profit after taxation attributable to:					
Shareholders of Oceana Group Limited		**760 635**	617 616		
Non-controlling interests		**55 516**	30 751		
		816 151	648 367		
Total comprehensive income attributable to:					
Shareholders of Oceana Group Limited		**1 256 361**	904 245		
Non-controlling interests		**55 547**	30 751		
		1 311 908	934 996		
Earnings per share (cents)	8				
– Basic		**650.9**	528.3		
– Diluted		**603.3**	486.1		

Notes

[1.] *Cashflow hedging reserve from associate includes gains and losses recognised in other comprehensive income relating to interest rate hedge.*

STATEMENTS OF FINANCIAL POSITION

AT 30 SEPTEMBER 2020

	Notes	Group 2020 R'000	Group 2019 R'000	Company 2020 R'000	Company 2019 R'000
ASSETS					
Non-current assets		**7 847 728**	7 042 312	**3 525 599**	3 437 199
Property, plant and equipment	10	**1 856 973**	1 697 221	**24 401**	19 111
Right-of-use assets	11	**173 507**		**29 982**	
Goodwill and intangible assets	13	**5 388 881**	4 886 609	**81 754**	92 213
Deferred taxation	14	**20 793**	26 567	**10 327**	11 691
Investments and loans	15	**84 910**	107 682	**928**	588
Interest in subsidiaries, associate and joint ventures	16	**322 664**	302 055	**3 377 849**	3 244 003
Amounts owing by subsidiaries, associate and joint ventures	16		22 178		22 178
Loan receivable from Oceana Group Share Trust	17			**358**	399
Loan receivable from Oceana Empowerment Trust	18				47 016
Current assets		**4 204 233**	**3 757 887**	**385 050**	**269 239**
Inventories	19	**1 695 975**	1 852 707		
Accounts receivable	20	**1 271 898**	1 243 324	**60 658**	70 980
Taxation		**23 663**	73 820		
Amounts owing by subsidiaries, associate and joint ventures	16			**968**	161 963
Current portion – loan receivable from Oceana Empowerment Trust	18			**46 732**	
Cash and cash equivalents	29.7	**1 212 697**	588 036	**276 692**	36 296
Assets held for sale	12	**19 420**		**11 917**	
Total assets		**12 071 381**	10 800 199	**3 922 566**	3 706 438
EQUITY AND LIABILITIES					
Capital and reserves		**5 979 935**	5 121 727	**1 441 785**	1 328 653
Stated capital	21	**1 200 493**	1 193 473	**1 289 552**	1 307 604
Foreign currency translation reserve		**1 352 491**	796 213		
Cash flow hedging reserve	22	**(76 223)**	(15 671)		
Share-based payment reserve	31	**99 066**	93 406	**23 636**	18 994
Distributable reserve		**3 221 312**	2 943 871	**128 597**	2 055
Interest of own shareholders		**5 797 139**	5 011 292	**1 441 785**	1 328 653
Non-controlling interests	33	**182 796**	110 435		
Non-current liabilities		**3 908 692**	3 840 143	**53 238**	2 349
Liability for share-based payments	31	**7 919**	6 044	**3 352**	2 349
Long-term loans	23	**3 069 338**	3 298 904		
Lease liabilities	24	**204 457**		**49 886**	
Derivative liabilities	25	**85 721**	10 320		
Deferred taxation	14	**541 257**	524 875		
Current liabilities		**2 182 754**	1 838 329	**2 427 543**	2 375 436
Accounts payable	26	**1 680 101**	1 444 497	**82 720**	87 874
Current portion – long-term loans	23	**383 688**	351 258		
Current portion – lease liabilities	24	**45 006**		**6 045**	
Provisions	27	**37 199**	36 005	**462**	
Amounts owing to subsidiaries, associate and joint ventures	16			**2 338 225**	2 287 358
Taxation		**36 760**	6 569	**91**	204
Total equity and liabilities		**12 071 381**	10 800 199	**3 922 566**	3 706 438

STATEMENTS OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 SEPTEMBER 2020

	Notes	Stated capital R'000	Foreign currency translation reserve R'000
Group			
Balance at 1 October 2018		1 189 482	487 029
Total comprehensive income for the year			309 184
Movement on foreign currency translation reserve			292 221
Movement on foreign currency translation reserve from associate and joint ventures			16 963
Movement on cash flow hedging reserve	22		
Movement on cash flow hedging reserve from associate	22		
Income tax related to loss recognised in equity	22		
Profit after taxation			
Transfers between reserves[1]		2 656	
Decrease in treasury shares held by share trusts	21	1 335	
Share-based payment expense	31		
Share-based payment exercised	31		
Gain on disposal of shares distributed to deceased employee beneficiaries of Oceana Empowerment Trust			
Oceana Empowerment Trust dividend distribution to employee beneficiaries			
Dividends	9		
Balance at 30 September 2019		1 193 473	796 213
IFRS 16 transition adjustment at 1 October 2019:			
Adjusted balance at 1 October 2019		**1 193 473**	**796 213**
Total comprehensive income for the year			**556 278**
Movement on foreign currency translation reserve			**524 635**
Movement on foreign currency translation reserve from associate and joint ventures			**31 643**
Movement on cash flow hedging reserve	22		
Movement on cash flow hedging reserve from associate	22		
Income tax related to loss recognised in equity	22		
Profit after taxation			
Transfers between reserves[1]		**6 625**	
Decrease in treasury shares held by share trusts	21	**1 105**	
Increase in treasury shares held by subsidiary		**(710)**	
Share-based payment expense	31		
Share-based payment exercised	31		
Gain on disposal of shares distributed to deceased employee beneficiaries of Oceana Empowerment Trust			
Issuance of shares to non-controlling interests[2]			
Oceana Empowerment Trust dividend distribution			
Dividends	9		
Balance at 30 September 2020		**1 200 493**	**1 352 491**
Company			
Balance at 1 October 2018		1 304 948	
Total comprehensive income for the year			
Share-based payment expense	31		
Share-based payment exercised	31		
Transfer from subsidiaries			
Transfer between reserves[1]		2 656	
Dividends	9		
Balance at 30 September 2019		1 307 604	
IFRS 16 transition adjustment at 1 October 2019:			
Adjusted balance at 1 October 2019		1 307 604	
Total comprehensive income for the year			
Share-based payment expense	31		
Share-based payment exercised	31		
Repurchase of shares from subsidiary[3]	21	**(24 677)**	
Transfer between reserves[1]		**6 625**	
Dividends	9		
Balance at 30 September 2020		**1 289 552**	

1. *R6.625 million (2019: R2.656 million) was transferred between stated capital and share- based payments reserve during the year.*
2. *Amawandle Pelagic Proprietary Limited, a 75% held subsidiary of Oceana Group Limited, issued new shares to shareholders in the proportion to their respective shareholding, of which an amount of R44.636 million was allocated to non-controlling interests. The allocation to non-controlling interest was settled through a right of set-off against a long-term loan.*
3. *The amount transferred to distributable reserves results from the amount paid in excess of the issuance price of the shares.*

	Cash flow hedging reserve R'000	Share-based payment reserve R'000	Distributable reserve R'000	Interest of own shareholders R'000	Non-controlling interests R'000	Total R'000
	6 884	90 535	2 851 418	4 625 348	96 621	4 721 969
	(22 555)		617 616	904 245	30 751	934 996
				292 221		292 221
				16 963		16 963
	(23 951)			(23 951)		(23 951)
	(3 880)			(3 880)		(3 880)
	5 276			5 276		5 276
			617 616	617 616	30 751	648 367
		(2 656)				
				1 335		1 335
		12 298		12 298		12 298
		(6 771)		(6 771)		(6 771)
			1 677	1 677		1 677
			(27 685)	(27 685)		(27 685)
			(499 155)	(499 155)	(16 937)	(516 092)
	(15 671)	93 406	2 943 871	5 011 292	110 435	5 121 727
			(50 084)	**(50 084)**	**(3 596)**	**(53 680)**
	(15 671)	**93 406**	**2 893 787**	**4 961 208**	**106 839**	**5 068 047**
	(60 552)		**760 635**	**1 256 361**	**55 547**	**1 311 908**
				524 635		**524 635**
				31 643		**31 643**
	(69 640)			**(69 640)**	**31**	**(69 609)**
	(2 120)			**(2 120)**		**(2 120)**
	11 208			**11 208**		**11 208**
			760 635	**760 635**	**55 516**	**816 151**
		(6 625)	**562**	**562**	**(562)**	
				1 105		**1 105**
			(16 168)	**(16 878)**		**(16 878)**
		14 309		**14 309**		**14 309**
		(2 024)		**(2 024)**		**(2 024)**
			1 265	**1 265**		**1 265**
					44 636	**44 636**
			(21 312)	**(21 312)**		**(21 312)**
			(397 457)	**(397 457)**	**(23 664)**	**(421 121)**
	(76 223)	**99 066**	**3 221 312**	**5 797 139**	**182 796**	**5 979 935**
		19 602	427 988	1 752 538		1 752 538
			152 764	152 764		152 764
		5 018		5 018		5 018
		(3 154)		(3 154)		(3 154)
		184		184		184
		(2 656)				
			(578 697)	(578 697)		(578 697)
		18 994	2 055	1 328 653		1 328 653
			(16 669)	(16 669)		(16 669)
		18 994	(14 614)	1 311 984		1 311 984
			662 878	**662 878**		**662 878**
		13 292		**13 292**		**13 292**
		(2 025)		**(2 025)**		**(2 025)**
			(63 974)	**(88 651)**		**(88 651)**
		(6 625)				
			(455 693)	**(455 693)**		**(455 693)**
		23 636	**128 597**	**1 441 785**		**1 441 785**

STATEMENTS OF CASH FLOWS

FOR THE YEAR ENDED 30 SEPTEMBER 2020

	Notes	Group 2020 R'000	Group 2019 R'000	Company 2020 R'000	Company 2019 R'000
Cash operating profit	29.1	**1 655 524**	1 384 817	**739 291**	286 290
Working capital changes	29.2	**427 107**	(342 291)	**8 097**	(2 045)
Cash generated from operations		**2 082 631**	1 042 526	**747 388**	284 245
Investment income received[2]		**32 047**	54 789	**41 358**	31 132
Interest paid		**(269 456)**	(285 447)	**(46 311)**	(40 786)
Taxation paid	29.3	**(235 069)**	(262 713)	**(16 704)**	(8 047)
Dividends paid	29.4	**(442 433)**	(543 777)	**(455 693)**	(578 697)
Net cash inflow/(outflow) from operating activities		**1 167 720**	5 378	**270 038**	(312 153)
Cash outflow from investing activities		**(170 641)**	(217 141)	**149 215**	(153 177)
Replacement capital expenditure on property, plant and equipment		**(222 457)**	(228 146)	**(11 439)**	(6 157)
Replacement capital expenditure on intangible assets			(26 033)		(14 672)
Expansionary capital expenditure on property, plant and equipment		**(17 401)**			
Proceeds on disposal of property, plant and equipment	29.6	**18 497**	5 554		
Proceeds on disposal of fishing right		**2 016**			
Proceeds on disposal of intangible assets	29.6	**30 114**			
Proceeds on disposal of business	29.5		17 500		
Decrease in loans receivable from business partners		**18 931**	13 984		
Increase in shareholding in other investments		**(341)**		**(341)**	
Increase/(decrease) in cashflow from amounts owing by subsidiaries and joint ventures	16			**160 995**	(132 348)
Cash (outflow)/inflow from financing activities		**(428 278)**	(239 721)	**(178 857)**	204 949
Proceeds from issue of share capital		**2 370**	3 012		
Short-term borrowings repaid	23	**(365 583)**	(392 782)		
Lease liabilities repaid[3]	24	**(38 816)**		**(4 885)**	
Repurchase of treasury shares[1]	21	**(16 879)**		**(88 651)**	
Long-term borrowings raised	23		172 658		
Equity-settled share-based payment[5]		**(9 370)**	(6 771)	**(2 641)**	(3 154)
Cost associated with loan refinancing	23		(15 838)		
Investment in subsidiary[4]				**(133 872)**	
Capital repayment received from Oceana Empowerment Trust				**284**	
Decrease in loan receivable from Oceana Group Share Trust				**41**	
Increase in cashflow from accounts owing to subsidiaries and joint ventures	16			**50 867**	208 103
Net increase/(decrease) in cash and cash equivalents		**568 801**	(451 484)	**240 396**	(260 381)
Net cash and cash equivalents at the beginning of the year		**588 036**	1 015 060	**36 296**	296 677
Effect of exchange rate changes		**55 860**	24 460		
Net cash and cash equivalents at the end of the year	29.7	**1 212 697**	588 036	**276 692**	36 296

[1] *Repurchase of treasury shares held by Lucky Star Limited (5 094 350 shares).*
[2] *Investment income for the group includes interest received of R18.4 million (2019: R33.7 million) and dividends received from an associate of R13.6 million (2019: R21.1 million). Investment income for the company includes interest received of R41.4 million (2019: R31.1 million).*
[3] *Payments on lease liabilities excludes interest paid.*
[4] *Additional share capital issued by Amawandle Pelagic Proprietary Limited.*
[5] *Acquisition of shares to settle employee equity share based scheme.*

ACCOUNTING POLICIES

FOR THE YEAR ENDED SEPTEMBER 2020

Oceana Group Limited is a company domiciled in South Africa. The group financial statements as at and for the year ended 30 September 2020 comprise the company, its subsidiaries and associates and joint ventures (collectively referred to as "the group").

The principal accounting policies adopted in the preparation of these group and company annual financial statements (AFS) are set out below and have been applied consistently in all material respects to all periods presented in these group and company AFS except for the adoption of new standards effective during the current financial year.

1. BASIS OF PREPARATION

The group and company AFS are prepared in accordance with the going concern and historical cost basis except where stated otherwise.

The presentation currency of the group and company AFS is South African Rand (Rands) and all amounts are rounded to the nearest thousand except where otherwise indicated.

2. STATEMENT OF COMPLIANCE

The group and company AFS are prepared in accordance with the JSE Listings Requirements and the requirements of the South African Companies Act, No. 71 of 2008.

The JSE Listings Requirements require AFS to be prepared in accordance with International Financial Reporting Standards (IFRS) and its interpretations adopted by the International Accounting Standards Board (IASB), the South African Institute of Chartered Accountants' Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council.

3. BASIS OF CONSOLIDATION

The group AFS represents consolidated financial statements and incorporates the AFS of the separate company and entities (including structured entities) controlled by the company and its subsidiaries. The company AFS represents the separate financial statements of the company.

Control is achieved when the company has power over the investee, is exposed, or has rights to variable returns from its involvement with the investee and has the ability to use its power to affect its returns. The company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control described above.

The company considers it to have power over an investee even when it holds less than the majority voting rights in the investee but the voting rights held are sufficient to give it the practical ability to direct the activities of the investee unilaterally. The factors assessed in determining whether the voting rights held are sufficient to give it power include:

- The size of the company's holding of voting rights relative to the size and dispersion of the other vote holders;
- Potential voting rights held by the company, other vote holders or other parties;
- Rights arising from other contractual arrangements; and
- Any other relevant facts and circumstances that indicate that the company has the right to direct the relevant activities when decisions are made.

Consolidation of a subsidiary commences when the company obtains control over the subsidiary and ceases when the company loses control of the subsidiary.

Profit or loss and total comprehensive income are attributed to the owners of the company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the AFS of subsidiaries to bring their accounting policies in line with the group's accounting policies. All subsidiaries, with the exception of the Oceana Share Trust (28 February 2020), have the same financial year-end. All associates and joint ventures have the same financial year end except for Westbank Fishing Limited Liability Company and Oceana Boa Pesca Limitada (refer to note 16). The results of the trust are compiled for a rolling 12-month year ending September and all entities are consolidated to this date.

All intragroup asset and liability balances, equity, income, expense transactions (including any unrealised gains and unrealised losses) and cash flows relating to transactions between members of the group are eliminated in full on consolidation. Unrealised losses are eliminated in the same way as unrealised gains but only to the extent that there is no evidence of impairment.

Changes in the group's ownership interests in subsidiaries that do not result in the group losing control over the subsidiaries are accounted for as equity transactions.

When the group loses control of a subsidiary, a gain or loss is recognised in profit or loss and is calculated as the difference between (1) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (2) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests.

The company carries its investments in subsidiaries at cost less accumulated impairment.

4. USE OF ESTIMATES AND JUDGEMENTS IN THE PREPARATION OF THE ANNUAL FINANCIAL STATEMENTS BY MANAGEMENT AND KEY SOURCES OF UNCERTAINTY

In preparing the AFS in conformity with IFRS, management is required to make judgements, estimates and assumptions that affect the application of accounting policies and reported amounts of income, expenses, assets and liabilities. Judgements and estimates are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual results may differ to these estimates. Significant judgements and estimates underlying the preparation of the annual financial statements include:

Property, plant and equipment

The depreciation charge is derived after determining an estimate of an asset's expected useful life and the expected residual value at the end of its life taking cognisance of the forecasted commercial and economic realities, by benchmarking accounting treatments in the specific industries where these assets are used. The assessment of useful lives take into account management's historical experience with similar assets as well as management's judgement as to future events or market conditions which may impact their life. The estimated useful lives for assets with a finite life and property, plant and equipment are detailed in Note 10. The useful lives and residual values of the assets are determined by management when the asset is acquired and then reviewed annually thereafter.

During the current year, management's annual review of useful lives and residual values did not result in material changes to the carrying value of assets.

Leases

The group is required to make judgements that affect the valuation of the lease liabilities (Note 24) and the valuation of the right-of-use assets (Note 11). This includes determining whether a contract meets the requirements of a lease, the lease term applicable and the interest rate used for discounting of future cash flows. In determining the lease term, the group considers all facts and circumstances that create an economic incentive to exercise an extension option. Factors considered include how far in the future an option occurs, payment amounts in the optional period, future plans of the group for use of the asset as well as historic past practice of renewing leases. Extension options are only included if the lease is reasonably certain to be extended. Lease payments are discounted using a rate applied to a portfolio of leases pertaining to land and buildings within a particular jurisdiction, where funding is sourced centrally. Judgement has been applied to determine the discount rate where the rate implicit in the lease cannot be determined. The incremental borrowing rates are detailed in Note 24.

Where the contract has a right to extension beyond the current contract terms, the group has assessed whether the extension of the contract is reasonably certain. In regards the lease of land and buildings which house significant group operations, it was assessed, based on history of extensions, the potential cost of relocating operations and the extent of operations incurred at these sites, the group has determined that it was reasonably certain that the agreement would be extended. A further 20 years was applied to the extension of the lease of property used in the canned fish and fishmeal (Africa) segment.

Management have applied their judgement regarding a contract for the supply of material handling equipment (MHE) and have determined that the MHE falls outside the scope of IFRS 16 – Leases ("IFRS 16") due to the supplier having a substantive right of substitution in terms of the contract. The following factors have been taken into consideration in arriving at this determination:

- The supplier has a large pool of similar type equipment which for all practical reasons are substitutable and interchangeable,
- The supplier monitors fleet profitability and optimisation on a regular basis and based on this assessment has the substantive right and discretion to replace the equipment and
- The supplier benefits economically from substituting the equipment.

Accordingly, the expenditure relating to this contract has been expensed in the statement of comprehensive income as incurred.

The group uses judgements when determining the borrowing rate (at and post the transition date) by taking the following assumptions into account such as duration, country and currency at inception of the lease.

Intangible assets – Fishing rights

In South Africa, fishing rights are allocated to industry participants over a long-term allocation period (typically 10 to 15 years) by the Department of Environment, Forestry and Fisheries (DEFF). Accordingly, the useful lives of fishing rights acquired are determined from the date of transfer until date of expiration of the right. Although the fishing rights pertaining to the Small Pelagic, Hake deep sea trawl and South Coast Lobster fisheries are due to expire on 31 December 2021, management have assumed that a significant portion of these fishing rights will be retained during the upcoming Fishing Rights Application Process (FRAP) and will therefore continue to deliver benefit beyond its current expiration date. This determination was based on the outcome and legal precedent of the most recent horse mackerel rights renewal process, concluded during the 2019 financial year in which the group's subsidiary, Blue Continent Products Proprietary Limited, was successful in retaining a significant portion of its horse mackerel rights. The legal precedent and public pronouncements by DEFF indicate that FRAP will follow a similar methodology as the horse mackerel rights renewal process. The expectation of renewal also took into consideration the group's transformation credentials, compliance with permit conditions and responsible fishing practices, capital invested in fishing operations and socioeconomic impact on communities within which it operates. Accordingly, management have assessed that a significant portion of current fishing rights will be retained and therefore have assessed the useful lives of these rights in excess of their expiration date. Refer to Note 13 for further details.

Share-based payments

The value attached to share-based payments is estimated through the use of option pricing valuation models which requires inputs such as share price volatility, dividend yield, risk-free interest rate and expected option life. Some of the inputs used are based on estimates derived from available data. Management classifies its share-based payment scheme as either a cash-settled or equity-settled scheme based on the assessment of its role and that of the employees in the transaction. In applying its judgement, management consulted external expert advisors in the accounting and share-based payment advisory industry. The classification of the schemes and the critical assumptions used in the valuation model are detailed in Note 31.

Impairment of intangible assets

Indefinite useful life intangible assets and goodwill are assessed annually for impairment. Note 13 sets out the significant judgements and estimates applied when assessing whether the carrying value of goodwill, intellectual property, customer relations, non-competes, trademarks and fishing rights are impaired. Judgements and estimates are made by management in determining the future cash flows of CGUs and the discount rate used to determine the present values of those future cash flows used to test impairment.

Calculation of loss allowance – estimate credit losses (ECL)

Significant judgement is required in assessing the impairment of local and foreign trade receivables, other receivables and loans and advances in terms of the new requirements of IFRS 9 – Financial instruments ("IFRS 9") relating to expected credit loss. The significant judgements applied in determining an impairment include the expected realisable value of collateral securing the debt, the probability that the customer will default, credit risk changes in customer, the size of credit exposures, country risk based on location of customer and the expected loss on default. The assessment takes into account quantitative and qualitative forward looking information in relation to each risk category of customer. The method and assumptions used to calculate the ECL are detailed in Note 20.

Control

Management assesses whether it controls an entity based on whether the investor has power over the relevant activities of the investee. Relevant activities include the activities of the investee that significantly affect the investee's returns; the investor is exposed to variable returns from its involvement with the investee; and the investor is able to use its power to affect its returns from the investee. Control is re-assessed if the facts and circumstances impacting the assessment change. The entities that are considered to meet the requirements for control are reflected in Note 33 and supporting schedule on page 93. Judgement has been applied by management with respect to the group's shareholding in Erongo Seafoods Proprietary Limited and Compass Trawling Proprietary Limited, to determine that the group controls the investee despite the non-controlling interests holding the majority shareholding in each entity. The group is deemed to exert control over these entities due to its active and unilateral management of day to day operations, financing and investing decisions to affect their returns and is subject to exposure in the variability in those returns.

Covid-19

The group was classified as an essential services provider in all geographic regions in which it operates, which allowed for operations to continue during the lockdown period subject to the implementation of stringent standard operating procedures and controls. The impact of Covid-19 on both the group and company and the macro-economic environment in which it operates, has been considered in all judgements exercised and estimates made by management including but not limited to:

- Expected credit loss calculation for the group and company.
- Impact on profitability of respective segments.
- The group and company's ability to continue as a going concern.
- Impairment calculations for non-financial assets.

5. NEW/REVISED ACCOUNTING PRONOUNCEMENTS

During the current year, the group adopted all the new and revised standards issued by the IASB that are relevant to its operations and effective for annual reporting periods beginning on 1 October 2019.

5.1 NEW/REVISED IFRS STANDARDS AND INTERPRETATIONS APPLIED WITH NO MATERIAL EFFECT ON THE ANNUAL FINANCIAL STATEMENTS

5.1.1 IFRS 9: Hedge Accounting

The group adopted IFRS 9 in the prior financial year, but elected to continue applying hedge accounting under IAS 39 – Financial Instruments: Recognition and Measurement ("IAS 39"). In the current financial year, the group has elected to adopt the hedge accounting requirements of IFRS 9 prospectively. There were no changes to equity reported in the prior financial year. IFRS 9 aligns hedge accounting more closely with the entity's risk management strategy.

The group uses derivative financial instruments, such as forward exchange contracts and interest rate caps and swaps, to hedge its foreign currency risks and interest rate risk. Derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently measured at fair value.

5. NEW/REVISED ACCOUNTING PRONOUNCEMENTS continued

5.1 NEW/REVISED IFRS STANDARDS AND INTERPRETATIONS APPLIED WITH NO MATERIAL EFFECT ON THE ANNUAL FINANCIAL STATEMENTS continued

5.1.2 IFRIC 23: Uncertainty over Income Tax Treatments

The interpretation addresses the determination of taxable profit/(loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under IAS 12. It specifically considers:

- Whether tax treatments should be considered collectively
- Assumptions for taxation authorities' examinations
- The determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates
- The effect of changes in facts and circumstances

Management's assessment of tax estimates resulted in no material uncertainties being included in the current year.

5.2 NEW IFRS STANDARDS APPLIED WITH A MATERIAL EFFECT ON THE ANNUAL FINANCIAL STATEMENTS

5.2.1 IFRS 16: Leases

IFRS 16 sets out the principles for the recognition, measurement, presentation and disclosures of leases for both parties to a contract, i.e. the customer ("lessee") and the supplier ("lessor"). IFRS 16 replaces existing leases guidance, including IAS 17– Leases, IFRIC 4 – Determining whether an Arrangement contains a Lease, SIC-15 – Operating Leases – Incentives and SIC-27 – Evaluating the Substance of Transactions Involving the Legal Form of a Lease. The group has elected to apply IFRS 16 using the modified retrospective approach whereby the cumulative effect of initial application is recognised in retained earnings at 1 October 2019, with no restatement of comparative information. Judgement has been applied to determine the discount rate where the rate implicit in the lease cannot be determined. The group uses judgements when determining the borrowing rate (at and post the transition date) by taking the following assumptions into account such as duration, country and jurisdiction and currency at inception of the lease. At the transition date, the lease liabilities were measured at the present value of the remaining lease payments, using a discount rate, applied to a portfolio of leases pertaining to land and buildings within a particular jurisdiction, where funding is sourced centrally. The associated right-of-use assets for property leases were measured on a retrospective basis as if the new rules had always been applied. There were no onerous lease contracts that would have required an adjustment to the right-of-use assets at the date of initial application. Post transition date the rate for each new lease is assessed at its inception taking the preceding factors into account.

Practical expedients and exemptions applied

The group has elected the following practical expedients for leases in which it was the lessee at 1 October 2019:

- Leases with lease terms ending within 12 months have been accounted for as short-term leases and not capitalised.
- Leases where the underlying asset, such as office equipment and computer equipment, is of low-value have not been capitalised.
- Lease payments on short-term leases and leases of low-value assets are recognised as expenses on a straight-line basis over the lease term.
- Initial direct costs have been excluded from the measurement of the right-of-use asset at the date of initial application.
- Hindsight and judgement were applied in determining the lease terms where contracts contain options to extend or terminate the lease.

Summary of new accounting policies regarding leases

Upon adoption of IFRS 16, the group applied the following accounting policies:

- Recognised right-of-use assets and lease liabilities in the consolidated statement of financial position, initially measured at the present value of the future lease payments;
- Recognised depreciation on right-of-use assets on a straight-line basis over the shorter of the lease term or useful life of the underlying asset and interest on lease liabilities using the effective interest rate method in profit or loss;
- Lease payments are presented within financing activities in the consolidated statement of cash flows;
- For short-term leases (lease term of 12 months or less) and leases of low-value assets, the group has opted to recognise a lease expense as permitted by IFRS 16; and
- Right-of-use assets are tested for impairment in accordance with IAS 36 – Impairment of Assets.

5. NEW/REVISED ACCOUNTING PRONOUNCEMENTS continued

5.2 NEW IFRS STANDARDS APPLIED WITH A MATERIAL EFFECT ON THE ANNUAL FINANCIAL STATEMENTS continued

5.2.1 IFRS 16: Leases continued

Adjustment recognised on adoption of IFRS 16: Leases

The effect of the adoption of IFRS 16 as at 1 October 2019 (transition date) and as at 30 September 2020 is as follows:

	Group		Company	
	30 September 2020 R'000	At transition date 1 October 2019 R'000	30 September 2020 R'000	At transition date 1 October 2019 R'000
Statement of financial position				
Assets				
Right-of-use assets – land and buildings	**173 507**	185 002	**29 982**	35 196
Total assets	**173 507**	185 002	**29 982**	35 196
Liabilities				
Lease liabilities	**249 463**	265 569	**55 931**	60 815
Deferred taxation	**(20 555)**	(21 840)	**(6 575)**	(6 483)
Accounts payables and provisions	**(5 047)**	(5 047)	**(2 467)**	(2 467)
Total liabilities	**223 861**	238 682	**46 889**	51 865
Equity				
Distributable reserve	**(47 921)**	(50 084)	**(16 907)**	(16 669)
Non-controlling interests	**(2 433)**	(3 596)		
Total equity	**(50 354)**	(53 680)	**(16 907)**	(16 669)
Statement of comprehensive income (post-transition date)				
Depreciation	**34 009**		**5 214**	
Lease rentals	**(62 386)**		**(10 337)**	
Interest expense	**23 570**		**5 453**	
Taxation expense	**1 517**		**(92)**	
Lease modification gain	**(37)**			
Profit/(loss) after taxation	**3 327**		**(238)**	

Reconciliation of the undiscounted operating lease commitments as at 30 September 2019 to the lease liability recognised as at 1 October 2019 in terms of IFRS 16:

	Group	Company
	At transition date 1 Oct 2019 R'000	At transition date 1 Oct 2019 R'000
Operating lease commitments as at 30 September 2019	**303 799**	39 834
Discounted using the incremental borrowing rate at 1 October 2019	**(212 432)**	(24 565)
Less: Short-term and low value leases not recognised as liabilities	**(45 950)**	
Add: Extension in lease term applied	**220 152**	45 546
Lease liabilities recognised as at 1 October 2019	**265 569**	60 815
Represented by:		
Non-current portion – lease liabilities	**222 701**	55 931
Current portion – lease liabilities	**42 868**	4 884

5. NEW/REVISED ACCOUNTING PRONOUNCEMENTS continued

Impact on operating segments

Segment assets and segment liabilities as at 1 October 2019 (transition date) increased as a result of the adoption of IFRS 16 as follows:

	Group		Company	
R'000	Segment assets	Segment liabilities	Segment assets	Segment liabilities
Canned fish and fishmeal (Africa)	**80 040**	**106 516**	**35 196**	**51 865**
Fishmeal and fish oil (USA)	**13 672**	**14 050**		
Horse mackerel, hake, lobster and squid	**22 225**	**29 097**		
Commercial cold storage and logistics	**69 065**	**89 019**		
	185 002	**238 682**	**35 196**	**51 865**

Net profit after tax for the year ended 30 September 2020 and segment assets and segment liabilities as at 30 September 2020 increased as a result of the adoption of IFRS 16: Leases as follows.

	Group			Company		
R'000	Net profit after tax	Segment assets	Segment liabilities	Net profit after tax	Segment assets	Segment liabilities
Canned fish and fishmeal (Africa)	**(477)**	**71 048**	**97 997**	**(238)**	**29 982**	**46 889**
Fishmeal and fish oil (USA)	**40**	**27 190**	**27 529**			
Horse mackerel, hake, lobster and squid	**209**	**18 010**	**24 675**			
Commercial cold storage and logistics	**3 555**	**57 259**	**73 660**			
	3 327	**173 507**	**223 861**	**(238)**	**29 982**	**46 889**

5.3 STANDARDS AND INTERPRETATIONS IN ISSUE BUT NOT YET EFFECTIVE

A number of amendments to standards are effective for annual periods beginning on or after 1 Jan 2020 and earlier application is permitted. However, the group has not early adopted the amended standards in preparing these annual financial statements. The following amended standards are not expected to have a material impact on the annual financial statements due to the nature of the group's business:

- Amendments to References to the Conceptual Framework in IFRS Standards
- Amendments to IAS 1 and 8 – Definition of Material
- Amendments to IAS 1 – Classification of Liabilities as Current and Non-current
- Amendment to IFRS 10 and IAS 28 – Sale or Contribution of Assets between an Investor and Its Associate or Joint Venture
- Amendments to IFRS 9, IAS 39 and IFRS 7 – Interest Rate Benchmark Reform: The amendments provide temporary relief from applying specific hedge accounting requirements to hedging relationships directly affected by inter-bank offered rate (IBOR) reform. The reliefs have the effect that IBOR reform should not generally cause hedge accounting to terminate. However, any hedge ineffectiveness continues to be recorded in the income statement. The reliefs will cease to apply when the uncertainty arising from interest rate benchmark reform is no longer present. Oceana has long-term debt linked to Jibar and Libor. An alternative IBOR has not been identified by the group's bankers as yet and therefore the impact of the amendment cannot be quantified as yet.
- Amendments to IAS 16 – Property, Plant and Equipment – Proceeds before Intended Use
- Amendments to IAS 37 – Provisions, Contingent Liabilities and Contingent Assets – Amendments to Onerous Contracts (Cost of Fulfilling a Contract)
- IFRS 1, IFRS 9, and IFRS 16 Annual Improvements to IFRS Standards 2018 – 2020

6. FAIR VALUE MEASUREMENT

Where another IFRS requires or the group has chosen fair value measurement for assets or liabilities, the group has applied the principles of IFRS 13 to determine the fair value to be used. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an ordinary transaction between market participants at the measurement date. The fair value of quoted instruments is determined with reference to closing market prices on the date of measurement. Where there is no active market, fair value is determined using applicable valuation techniques. Valuation techniques include discounted cash flow models, pricing models and recent arm's length transactions for similar instruments.

The group measures financial instruments, such as derivatives and certain investments at fair value (refer to Note 31 and accounting policy Note 14), at each reporting date. The fair values of financial instruments measured at amortised cost are disclosed should it be determined that the carrying value of these instruments does not reasonably approximate their fair value at each reporting date.

The principal or the most advantageous market must be accessible by the group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest. A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use. The group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs. All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- **Level 1 –** Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- **Level 2 –** Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- **Level 3 –** Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the group determines whether transfers have occurred between the levels in the hierarchy by reassessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period. For the purpose of fair value disclosures the group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

7. INTERESTS IN ASSOCIATE AND JOINT VENTURES

An associate is an entity over which the group has significant influence. Significant influence includes the power to participate in the financial and operating policy decisions of the investee but is not control or joint control of those policies.

A joint venture is a joint arrangement whereby the parties to the arrangement have rights to the net assets of the arrangement. A joint arrangement is an arrangement of which two or more parties have joint control. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The results and assets and liabilities of associate and joint ventures are incorporated in these consolidated financial statements using the equity method of accounting, except when the investment is classified as held for sale, in which case it is accounted for in accordance with IFRS 5. Under the equity method, on initial recognition, an investment in an associate or a joint venture is carried at cost and subsequently adjusted to recognise the group's share of the profit or loss and other comprehensive income, if applicable, of the associate or joint venture. When the group's share of losses in an associate or joint venture equals or exceeds its interest in the associate or joint venture, including any other unsecured receivables, the group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate or joint venture.

An investment in an associate or joint venture is accounted for using the equity method from the date on which the investment becomes an associate or joint venture. Application of the equity method ceases when an associate or joint venture no longer qualifies as such (significant influence is lost in an associate or joint control is lost in a joint venture).

An investment in an associate or joint venture is tested for impairment, in accordance with IAS 36, when the group has determined that indicators of impairment exist. Where indicators of impairment exist, the group recognises an impairment loss in the statement of comprehensive income being the difference between the recoverable amount and the carrying value of the affected associate or joint venture.

When the group reduces its ownership interest in an associate or joint venture but the group continues to use the equity method, the group reclassifies to profit or loss the proportion of the gain or loss that had previously been recognised in other comprehensive income relating to that reduction in ownership interest if that gain or loss would be reclassified to profit or loss on the disposal of the related assets or liabilities.

The company carries its investments in an associate and joint ventures at cost less accumulated impairment in its separate financial statements.

8. INTERESTS IN JOINT OPERATIONS

A joint operation is a joint arrangement, as defined in policy 4 *Interests in Associate and Joint Ventures*, whereby the parties of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement.

When a group entity undertakes its activities under joint operations, the group as a joint operator recognises in relation to its interest in a joint operation:

- Its assets, including its share of any assets held jointly;
- Its liabilities, including its share of any liabilities incurred jointly;
- Its revenue from the sale of its share of the output arising from the joint operation;
- Its share of the revenue from the sale of the output by the joint operation; and
- Its expenses, including its share of any expenses incurred jointly.

The group accounts for the assets, liabilities, revenues and expenses relating to its interest in a joint operation in accordance with the IFRSs applicable to the particular assets, liabilities, revenues and expenses.

When a group entity transacts with a joint operation in which a group entity is a joint operator (such as a sale or contribution of assets), the group is considered to be conducting the transaction with the other parties to the joint operation, and gains and losses resulting from the transactions are recognised in the group's consolidated AFS only to the extent of other parties' interests in the joint operation.

When a group entity transacts with a joint operation in which a group entity is a joint operator (such as a purchase of assets), the group does not recognise its share of the gains and losses until it resells the assets to a third party.

9. FOREIGN CURRENCY TRANSLATION

Function and presentation currency:

All items in the financial statements of the group's subsidiaries are measured using the currency of the primary economic environment in which the subsidiary operates (the functional currency).

Certain individual entities in the group have different functional currencies and are translated on consolidation. The group's consolidated financial statements are presented in South African Rands, which is the company's functional and the group's presentation currency.

Translation of foreign currency transactions and balances

Initial recognition

Transactions in foreign currencies are recognised at exchange rates prevailing on the date of the transactions and are translated to the respective functional currencies of group entities at rates of exchange ruling at the transaction date.

Subsequent measurement

Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to the functional currency at the rates of exchange ruling at that date. The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the period, adjusted for the effective interest and payments during the period.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are translated to the functional currency at the exchange rate at the date that the fair value was determined.

Foreign exchange differences arising on translation of monetary items are recognised in profit or loss and other comprehensive income in the statement of comprehensive income when they arise.

Translation of foreign operations

On consolidation, the financial statements of foreign operations are translated into the group's presentation currency. Assets and liabilities are translated at the closing rate on the reporting date. Income, expenses and equity transactions (such as dividends) are translated at average exchange rates or at the prevailing rates on the transaction dates, if more appropriate. Goodwill and fair value adjustments arising on the acquisition of a foreign operation are translated at the closing rate on the reporting date.

Foreign exchange gains or losses arising on translation are recognised in other comprehensive income in the foreign currency translation reserve (FCTR).

On disposal of part or all of the investment, the proportionate share of the related cumulative gain or loss previously recognised in the FCTR is included in determining the profit or loss on disposal of that investment and recognised in the statement of comprehensive income.

Refer to Note 35 for closing exchange rates applied by the group and company at year end.

10. REVENUE

Revenue comprises income arising in the ordinary course of the group's activities. The group recognises revenue when it transfers control of the product or services to a customer as the transfer of control coincides with the fulfilment of performance obligations. Revenue is measured at the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties. Revenue is stated excluding value added tax, net of related rebates and discounts granted, returns and after eliminating sales transactions within the group.

REVENUE FROM CONTRACTS WITH CUSTOMERS

The major categories of revenue from contracts with customers are recognised on the following basis:

Sale of goods

Sale of goods relate to both local and export sales and comprise mainly the sales of caught and processed fish products as well as fish and canned goods purchased for resale. Revenue from the sale of fish related goods is recognised at the point in time when performance conditions have been satisfied. Revenue is reduced for estimated customer returns, rebates and other similar allowances. Performance conditions are met when control is transferred to the customer, the associated costs and possible return of goods can be reliably estimated and measured and there is no continuing management involvement. Goods sold locally generally includes delivery and the performance obligation is met when the group has delivered the goods to the customer and the customer accepts delivery. In the case of export sales delivery and completion of performance obligations are referenced to the sales contract and applicable incoterms. The normal credit terms are defined within the individual sales contract and vary from upfront payment to 75 days after delivery.

Discounts and rebates are recognised at the point of sale. The group accounts for discounts based on the terms concluded in contracts for sale of goods.

Services

Revenue from services relate to the storage, handling, transport of goods and other related logistical services on behalf of third parties and is recognised when the contracted service is rendered. Revenue from handling, transport of goods and other related logistic services are recognised as they are performed while revenue from storage is recognised over the period of time that the product is stored.

Company services relate to administration services provided to subsidiaries within the group, and revenue is recognised over time as services are rendered.

Non-trade revenue

Non-trade revenue relating to commission earned, quota fee income and factory processing and other minor recovery income is recognised as the performance conditions are met.

OTHER REVENUE

Dividend income

Dividend income is recognised when the shareholder's right to receive payment is established in the group and company annual financial statements. In the group financial statements dividend income earned from subsidiaries, joint ventures and associates are eliminated on consolidation.

11. GOVERNMENT GRANTS

Grants from the government are recognised at their fair value when there is a reasonable assurance that the grant will be received and the group will comply with all the conditions attached to them. Government grants to compensate the group for expenses incurred are recognised in profit or loss over the period necessary to match them with the costs that they are intended to compensate.

12. OTHER OPERATING ITEMS

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, intangibles 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.

13. EMPLOYEE BENEFITS

Short-term employee benefits

The cost of all short-term employee benefits is recognised as an expense, in the statement of comprehensive income, during the period in which the employee renders the related service, except for non-accumulating benefits which are only recognised when the specific event occurs. Accruals for employee entitlements to wages, salaries, bonuses and annual leave represent the amount which the group has a present obligation to pay as a result of employees' services provided up to the reporting date. The accruals have been calculated at undiscounted amounts based on current wage and salary rates, on the cost-to-company basis.

Defined-contribution plans

The group contributions to the defined-contribution funds are determined in terms of the rules governing those funds.

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. The group operates a retirement scheme comprising a number of defined contribution funds in South Africa, the assets of which are held in separate trustee administered funds. The retirement schemes are funded by payments from employees and the relevant group entity. Contributions to these funds are recognised as an expense in profit or loss as incurred. Prepaid contributions are recognised as an asset to the extent that a cash refund or reduction in future payments is available.

Post-retirement medical obligations

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The group provides post-retirement healthcare benefits to certain of its retirees. This practice has been discontinued and this benefit is no longer offered to current or new employees. The group's obligation to provide post-retirement medical aid benefits to certain employees is calculated by estimating the amount of future benefit that qualifying employees have earned in return for their service in the current and prior periods. This benefit is discounted to determine its present value using a discount rate based on the market yields at the reporting date on government bonds with maturity dates that most closely match the terms of maturity of the group's obligation. The calculation is performed by a qualified actuary using the projected unit credit method. Past service costs are recognised in profit or loss at the earlier of the date of the plan amendment or curtailment, and the date that the group recognises restructuring-related costs. Actuarial gains and losses are recognised immediately in profit or loss in the statement of comprehensive income.

14. SHARE-BASED PAYMENTS

Equity-settled compensation benefits

In terms of the group's share schemes, certain employees, including executive directors of the group, are granted rights to the company's listed shares. Refer to Note 31 for a detailed description of each of the schemes.

Qualifying black employees receive empowerment benefits in the form of equity-settled share-based payments through their participation in the Oceana Empowerment Trust.

The cost of equity-settled share-based payments is measured by reference to the fair value at the date on which they are granted. The fair value is determined using the Black-Scholes model, further details of which are given in the note on share-based payment plans.

The cost of equity-settled share-based payments is expensed over the period in which the employees become unconditionally entitled to these rights, with a corresponding increase in equity in the share-based payment reserve. The cumulative expense recognised for share options granted at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the group's best estimate of the number of equity instruments that will ultimately vest. The charge or credit recognised in the statement of comprehensive income for a period represents the movement in the cumulative expense recognised as at the beginning and end of that period.

No expense is recognised for awards that do not ultimately vest.

The effect of outstanding options is reflected in the computation of diluted earnings per share in the note on earnings per share (refer to Note 8).

Cash-settled transactions

The cost of cash-settled transactions is measured initially at fair value at the grant date using the Black-Scholes model. This model takes into account the terms and conditions upon which the instruments were granted. This fair value is expensed over the period until vesting with recognition of a corresponding liability. The number of options that are expected to vest are revised at each reporting date and the liability is remeasured up to and including the settlement date with changes in fair value recognised in the statement of comprehensive income.

15. INTEREST INCOME/EXPENSE

Interest income is recognised in profit or loss on a time proportion basis, taking account of the principal outstanding and the effective interest rate over the period to maturity when it is reasonably certain that such income will accrue to the group. Interest expense is accrued and recognised in the statement of comprehensive income at the effective interest rate relating to the relevant financial liability, in the period in which it is incurred.

16. TAXATION

The income tax expense consists of current tax, deferred tax, foreign withholding taxes and capital gains tax.

Income tax is recognised in profit or loss in the statement of comprehensive income, except to the extent that it relates to items recognised in other comprehensive income or equity in which case the tax is recognised in other comprehensive income or in equity, respectively.

Current taxation

Current tax is the expected tax payable on the taxable profit for the current year using tax rates enacted or substantively enacted at the reporting date and any adjustment to tax payable in respect of previous years.

Deferred taxation

Deferred tax is the tax expected to be payable or recoverable on the differences between the tax value of an asset or liability and the carrying amount for financial reporting purposes, except for the initial recognition of goodwill, the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit, and differences relating to investments in subsidiaries and jointly controlled entities, to the extent that they will probably not reverse in the foreseeable future.

Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted at the reporting date.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to off-set current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

Deferred tax assets are recognised for all deductible temporary differences and tax losses to the extent that it is reasonably certain that future taxable profit will be available against which the deductible temporary differences and tax losses can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer reasonably certain that the related tax benefit will be realised.

Foreign withholding taxes

Foreign withholding taxes are recognised as part of the current tax charge in the statement of comprehensive income when the related dividend receivable has been declared and when directors' fees are receivable. South African dividends withholding tax is levied on the beneficial owner of the shares instead of the group. The tax is withheld by the group and paid over to the South African Revenue Service (SARS) on the beneficiaries' behalf. The resultant tax expense and liability has been transferred to the shareholder and is no longer accounted for as part of the tax charge for the group. Amounts not yet paid over to SARS are included in trade and other payables and the measurement of the dividend amount is not impacted by the withholding tax.

Capital gains tax

Capital gains tax is levied on capital gains realised on the disposal of specific assets as defined in the income Tax Act of 2008.

17. DIVIDENDS

Dividends payable and the related taxation thereon are recognised as liabilities in the period in which the dividends are declared. Dividends tax is levied on non-exempt shareholders. The group is responsible for the collection of the dividends tax and payment of the amounts collected to the South African Revenue Service, Inland Revenue Namibia and United States Internal Revenue Service. As this tax is levied on the shareholders and not the company, it does not form part of the tax expense recognised in profit or loss or in other comprehensive income. Dividends are reflected gross of tax. Dividend distributions to owners of Oceana are recognised as a liability in the period in which the dividends are approved and declared. Interim and final dividends are accrued when approved by the board of directors in the group and company annual financial statements. In the group financial statements dividends declared to subsidiaries, joint ventures and associates are eliminated on consolidation.

18. PROPERTY, PLANT AND EQUIPMENT

Initial recognition

Property, plant and equipment is stated at cost to the group, less accumulated depreciation and impairment losses. The cost of self-constructed assets includes the costs of materials, direct labour, the initial estimate, where relevant, of the cost of dismantling and removing the items and restoring the site on which they are located, borrowing costs capitalised and an appropriate proportion of production overheads that is directly attributable to bringing the asset in use. Capitalisation of costs ceases when the assets are substantially ready for their intended use or sale and in their intended location.

Freehold land and buildings

Immovable property owned by the group is classified as owner-occupied property and shown at cost less accumulated depreciation and accumulated impairment. Land is shown at cost less impairment and is not depreciated.

18. PROPERTY, PLANT AND EQUIPMENT continued

Leasehold land and buildings

Improvements to leasehold property are capitalised and depreciated to expected residual value over the remaining useful life implicit in the lease.

Plant, equipment, motor vehicles and fishing vessels and nets

Plant, equipment, motor vehicles and fishing vessels and nets are carried at cost less accumulated depreciation and impairment. When plant and equipment comprise major components with different useful lives, these components are depreciated as separate items. In the case of fishing vessel refits, these costs are depreciated over the period between each vessel refit.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is reasonably certain that future economic benefits associated with the item will flow to the group and the cost of the item can be measured reliably. All other repairs and maintenance expenditures are charged to the statement of comprehensive income during the financial period in which they are incurred. Expenditure incurred to replace or modify a significant component of plant or equipment is capitalised if it is reasonably certain that future economic benefits associated with the item will flow to the group and the cost of the item can be reliably measured. Any remaining book value of the component replaced is written off in the statement of comprehensive income.

Depreciation

Items of property, plant and equipment are depreciated to their estimated residual values on the straight-line basis over their expected useful lives. Leasehold property, plant and equipment are depreciated over the shorter of their lease period and their expected useful lives. The depreciation methods, estimated remaining useful lives and residual values are reviewed at each reporting date. A change resulting from the review is treated as a change in accounting estimate which is accounted for on a prospective basis.

Depreciation commences when an asset is available for use and ceases at the earlier of the date that the asset is classified as held-for-sale and the date that the asset is derecognised.

Depreciation ceases temporarily when the residual value exceeds the carrying value. The following ranges of depreciation rates apply on initial recognition:

	% per annum
Buildings – freehold	**2**
Buildings – leasehold	**2 – 10**
Plant and equipment	**4 – 20**
Office equipment	**10 – 50**
Motor vehicles	**20 – 25**
Fishing vessels and nets	**2 – 50**

Residual value as percentage of cost:	%
Buildings – freehold	**1 – 80**
Buildings – leasehold	**1 – 20**
Plant and equipment	**1 – 2**
Office equipment	**2**
Motor vehicles	**2 – 20**
Fishing vessels and nets	**2 – 36**

Derecognition

An item of property, plant and equipment is derecognised on disposal or when no future economic benefits are expected through its continued use. Gains or losses which arise on derecognition are included in the statement of comprehensive income in the period of derecognition. The gain or loss is calculated as the difference between the net disposal proceeds and the carrying amount of the item at the date of disposal.

18. PROPERTY, PLANT AND EQUIPMENT continued

Impairment

The carrying value of the group's property, plant and equipment is reviewed at each reporting date or whenever events or changes in circumstances indicate that the carrying value may not be recoverable. An asset's recoverable amount is the higher of its fair value less costs to sell and its value-in-use. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value-in-use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. A previously recognised impairment loss is reversed only if there has been a change in the estimated recoverable amount of the asset. That recoverable amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior periods.

Dry-docking (included in fishing vessels and nets)

Approximately every 18 to 36 months, depending on the nature of work and external requirements, trawl vessels are required to undergo planned dry-docking for replacement of certain components and major repairs and maintenance of other components, which cannot be carried out while the vessels are operating. These dry-docking costs are capitalised where the recognition criteria are satisfied and depreciated on a straight-line basis over the estimated period until the next dry-docking. The residual value of such components is estimated at Rnil. The useful life of the dry-docking is reviewed at least at each financial year-end based on market conditions, regulatory requirements and business plans.

Dry-docking costs may include the cost of hiring crews to carry out replacements and repairs, the cost of parts and materials used, cost of travel, lodging and supervision of group personnel as well as the cost of hiring third-party personnel to oversee dry-docking. Dry-dock activities include, but are not limited to, the inspection, service, replacement of engine, electronic, navigational and safety components, applying of antifouling and hull paint, steel repairs and refurbishment and replacement of other parts of the vessel.

19. LEASING

Leases recognised under IFRS 16 (applicable from 1 July 2019)

At inception of a contract, the group assesses whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The group and company as a lessee under IFRS 16

Refer to accounting policy Note 5 where new and revised policies have been adopted in the current year.

The company as a lessor under IFRS 16

Lessor accounting remains unchanged following the adoption of IFRS 16

Leases recognised under IAS 17 (applicable before 1 July 2019)

The group and company as a lessee under IAS 17

The group and company have not entered into any finance leases. Payments under operating leases were recognised in profit or loss in the statement of comprehensive income on a straight-line basis over the term of the lease.

The company as a lessor under IAS 17

Portions of a building that is leased from a third party supplier are subleased by the company under operating short-term leases to other group entities from time-to-time. Rental income is recognised on a month-to-month basis and accrues as the lessee occupies the rental space and is recognised as it falls due in the statement of comprehensive income. Leases can be cancelled by the lessee on immediate notice.

20. ASSETS HELD FOR SALE

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is reasonably certain and the asset (or disposal group) is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification. These assets may be a component of an entity, a disposal group or an individual non-current asset. Upon initial classification as held for sale, non-current assets and disposal groups are recognised at the lower of carrying amount and fair value less costs to sell. Remeasurements from carrying amount to the lower of fair value less costs are recognised in profit or loss, in the statement of comprehensive income, upon initial classification as held for sale.

21. GOODWILL

Goodwill is classified as an intangible asset with an indefinite useful life.

Initial recognition and measurement

Goodwill is initially measured at cost being the excess of the cost of the business combination over the group's attributable share of the fair value of the net identifiable assets at the date of acquisition. If the group's interest in the net fair value of the acquiree's net identifiable assets, exceeds the cost of the business combination, the excess is recognised immediately in profit or loss on the statement of comprehensive income, as a bargain purchase gain.

Subsequent measurement

After initial recognition goodwill arising on an acquisition of a business is reflected at cost as established at the date of acquisition less any accumulated impairment.

If the initial accounting for business combinations has been determined provisionally, then adjustments to these values resulting from the emergence of new information within the measurement period are made against goodwill. In addition, goodwill is adjusted for changes in the fair value of contingent considerations that qualify as measurement period adjustments.

The measurement period is the period from the date of acquisition to the date the group obtains complete information about facts and circumstances that existed as of the acquisition date and is subject to a maximum of 12 months.

Impairment

For the purpose of impairment testing, goodwill is allocated to cash-generating units (CGU). The allocation can be made to a single CGU or to a group of CGUs.

Goodwill is not amortised but is tested for impairment on an annual basis, or more frequently if events or changes in circumstances indicate that the carrying value may be impaired.

Impairment is determined by assessing the recoverable amount, which is the higher of fair value less costs to sell and value-in-use of the CGU to which the goodwill is allocated.

Where the CGUs recoverable amount is less than its carrying value an impairment loss is recognised. The impairment loss is allocated first to reduce the carrying amount of goodwill allocated to the CGU and then to other assets of the unit *pro rata*, based on the carrying amount of each asset in the unit. In assessing the value-in-use, the future expected cash flows to be derived from the CGU are discounted to their present value using a pre-tax discount rate that reflects current market assessments. Any impairment loss for goodwill is recognised directly in profit or loss. Impairment losses recognised for goodwill cannot be reversed in subsequent periods.

Derecognition

Goodwill associated with a business which is disposed of is included in the carrying amount of the business when determining the gain or loss on disposal.

22. INTANGIBLE ASSETS (OTHER THAN GOODWILL – SEE ACCOUNTING POLICY NOTE 21)

Intangible assets (other than goodwill) consist of intellectual property, trademarks, computer software, customer relations, non-competes and fishing rights.

Initial recognition and measurement

Intangible assets acquired separately are initially measured at cost. The cost of intangible assets acquired as part of a business combination are recognised at fair value at the date of acquisition.

Costs associated with developing or maintaining software are recognised as an expense when incurred. Costs that are directly associated with the development of identifiable and unique software controlled by the group, and that will probably generate future economic benefits beyond one year, are recognised as intangible assets.

Subsequent measurement

Other than intellectual property and trademarks, all of the group's intangible assets are assessed as having finite useful lives.

Intangible assets which have finite useful lives are amortised on a straight-line basis over their expected useful lives. The expected useful life and amortisation methods are reviewed annually with the effect of any change being treated as a change in accounting estimate.

Those with indefinite useful lives are not amortised. The useful lives of the intangible assets are reviewed annually to determine whether the indefinite life assessment continues to be supportable. If not, the change in the useful life assessment from indefinite to finite is made on a prospective basis.

The following expected useful lives are used in the determination of the amortisation charge on initial recognition:

	Years
Fishing rights	**Two allocation cycles**
Customer relations	**6**
Non-competes	**5 – 10**
Computer software	**2 – 12**

Impairment

Intangible assets with an indefinite useful life are tested for impairment on an annual basis, or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. Intangible assets with finite useful lives are considered for impairment as and when impairment indicators arise.

Impairment is determined by assessing the recoverable amount of the intangible assets, which is the higher of fair value less costs to sell and value-in-use. In assessing value-in-use, the estimated future cash flows expected to be derived from the asset or CGU are discounted to their present value using a pre-tax discount rate that reflects current market assessments.

Where the recoverable amount is less than the asset's or CGU's carrying amount, an impairment loss is recognised in profit or loss.

An impairment recognised previously may be reversed when estimates change as a result of an event occurring after the impairment was initially recognised. When an impairment loss is reversed, the carrying value cannot exceed what the carrying value would have been (at the date of reversal) had no impairment loss been recognised in the past on the particular asset. A reversal of an impairment loss is recognised in profit or loss.

Derecognition

Intangible assets are derecognised on disposal or when no future economic benefits are expected from their continued use. The gain or loss is calculated as the difference between the net disposal proceeds and the carrying amount of the item at the date of its disposal and is recognised in profit or loss when the asset is derecognised.

23. FINANCIAL INSTRUMENTS

A financial instrument is any contract that gives rise to a financial asset in one entity and a financial liability or equity instrument in another entity. Financial instruments are initially recognised if the group becomes party to the contractual provisions of the instrument.

Financial assets

Financial assets recognised in the statement of financial position include investments and loans, cash and cash equivalents, accounts receivables and derivative financial assets. Financial assets are initially classified as measured at amortised cost, measured at fair value through other comprehensive income or measured at fair value through profit and loss.

At initial recognition the classification of financial assets depends on the financial asset's contractual cash flow characteristics and the group's business model for managing them. The group's business model for managing financial assets refers to how it manages its financial assets to generate cash flows. The business model determines whether cash flows will result from collecting cash flows, selling the financial asset or both and whether the contractual cash flows are solely payments of principle amounts and interest.

Financial assets at amortised cost

The group measures financial assets at amortised cost if the following conditions are met:

- The financial asset is held with the objective to hold financial assets to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principle and interest on the principle amount outstanding.

Financial assets held to collect contractual cash flows business model is managed to realise cash flows by collecting contractual payments over the life of the instrument.

Financial assets at amortised cost are subsequently measured using the effective interest rate method and are subject to impairment. Gains and losses are recognised in profit and loss when the asset is derecognised, modified or impaired.

The group's financial assets at amortised cost include trade and other receivables, cash and cash equivalents and loans.

Trade and other receivables and loans are recognised at originated cost less allowances for expected credit losses.

Cash and cash equivalents are carried at amortised cost. Cash resources comprise cash on hand and on-demand deposits, net of bank overdrafts.

Financial assets at fair value

Financial assets through profit or loss include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit and loss, or financial assets mandatorily required to be measured at fair value. Derivatives, are also classified as held for trading unless they are designated as effective hedging instrument. Financial assets with cash flows that are not solely payments of principle and interest are classified and measured at fair value through profit and loss.

Derivative financial assets include forward exchange contracts (FECs) and interest rate caps and swaps. Derivative financial assets are initially recognised at cost which approximates its fair value and are remeasured to fair value at subsequent reporting dates. Gains and losses that are part of a hedging relationship are recognised in other comprehensive income. The ineffective portion is recognised in profit or loss under overheads.

Offset of financial instruments

Financial assets and financial liabilities are offset, and the net amount is reported in the consolidated statement of financial position when the group has a legally enforceable right to offset and intends to settle either on a net basis or to realise the asset and settle the liability simultaneously.

Derecognition

Financial assets are derecognised when:

- The rights to receive cash flows from the asset have expired; or
- Substantially all the risks and rewards of ownership are transferred to another entity.

Impairment

The group recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit and loss (local and foreign: trade receivables, other receivables and loans and advances). ECLs are based on the difference between the contractual cash flows in accordance with the contract and all the cash flows that the group expects to receive, discounted at the approximation of the original effective interest rate.

For local and foreign loans and advances, the group applies the general approach in calculating ECLs. ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months (12 month ECL). For credit exposures for which there has been a

23. FINANCIAL INSTRUMENTS continued

Financial assets continued

significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (Lifetime ECL).

For local and foreign trade and other receivables, the group applies the simplified approach in calculating ECLs. The group recognises a loss allowance based on lifetime ECLs at each reporting date. Trade receivables are assessed collectively in groups that share similar credit risk characteristics. The group has established a provision matrix based on its historical credit loss experienced, adjusted for factors specific to the customer and geography where the customer is based, along with general economic conditions and an assessment of the current and forecast direction of conditions at the reporting date. The group and company deposit short-term cash surpluses only with major financial institutions of high-quality credit standing and therefore no ECL has been provided.

All credit losses are recognised in profit or loss.

Financial asset are written off when there is no reasonable expectation of recovering the contractual cash flows.

Financial liabilities

Classification as debt

Debt instruments are classified as liabilities in accordance with the substance of the contractual arrangement and the definition of financial liability.

Financial liabilities

Financial liabilities are initially classified as measured at amortised cost, measured at fair value through other comprehensive income or measured at fair value through profit and loss.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

Financial liabilities consist of long-term loans, trade and other payables and other derivative financial liabilities.

Financial liabilities at fair value through profit and loss include financial liabilities held for trading.

Loans and borrowings

Long-term loans are financial liabilities with fixed or determinable payments. Subsequent to initial recognition, these financial instruments are measured at amortised cost with any difference between cost and redemption value being recognised in profit or loss over the period of the borrowings on an effective interest basis.

Derivative financial liabilities

Derivative financial liabilities include FECs and interest rate caps and swaps. Derivative financial liabilities are initially recorded at cost and approximates its fair value and are remeasured to fair value at subsequent reporting dates. Gains or losses arising from a change in fair value of financial instruments that are not part of a hedging relationship are recognised in profit or loss in the period in which the change arises. Gains and losses that are part of a hedging relationship are recognised in other comprehensive income.

Derecognition

Financial liabilities are derecognised when the obligations are discharged, cancelled or they expire.

24. HEDGE ACCOUNTING

The group has elected to hedge account in the current reporting period under IFRS 9.

The group uses derivative financial instruments, such as forward exchange contracts ("FECs") and interest rate caps and swaps, to hedge its foreign currency risks and interest rate risk. Derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value.

Hedges are classified as:

- Fair value hedges when hedging the exposure to changes in the fair value of a recognised asset or liability or an unrecognised firm commitment; or
- Cash flow hedges when hedging the exposure to variable in cash flows that is either attributable to a particular risk associated with a recognised asset or liability or a reasonably certain forecast transaction or the foreign currency risk in an unrecognised firm commitment.

Fair value hedges

The change in the fair value of a hedging instrument is recognised in profit and loss. The change in fair value of the hedged item attributable to the risk hedged is recorded as part of the carrying value of the hedged item and is also recognised in profit and loss.

Cash flow hedges

The effective part of any gain or loss arising on the derivative instrument is recognised in other comprehensive income and reported as a hedging reserve in the statement of changes in equity which is recycled to profit or loss when the hedged cash flows impact profit or loss. The ineffective part of any gain or loss is immediately recognised in profit or loss.

25. INVENTORIES

Inventories are stated at the lower of cost and net realisable value using the specific cost to value goods purchased for resale while the weighted average methods are used to value finished goods and consumable stores. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

The cost of inventories comprises the cost of raw materials, direct labour and other direct cost and related production overheads that have been incurred in bringing the inventories to their present location and condition. Indirect cost allocated to inventories includes depreciation and certain other operating expenses. In the case of manufactured inventories and work in progress, costs include an appropriate share of overheads based on normal operating capacity.

26. STATED CAPITAL

Ordinary share capital represents the par value of ordinary shares issued and the share premium which represents excess consideration received by the company over the par value of ordinary shares issued and the accumulated IFRS 2 share-based payment expense relating to the employee share incentive schemes as disclosed in Note 31 and is classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from share premium, net of any tax effect.

27. TREASURY SHARES

Own equity instruments which are reacquired (treasury shares) are deducted from equity. No gain or loss is recognised in the statement of comprehensive income on the purchase, sale, issue or cancellation of the group’s own equity instruments.

Ordinary shares in Oceana Group Limited which have been acquired by the group in terms of an approved share repurchase programme, held by the Subsidiaries of Oceana Group Limited, Oceana Empowerment Trust or held by the Oceana Share Trust, and are classified as treasury shares as detailed in Note 21. The cost of these shares is deducted from equity and the number of shares is deducted from the weighted average number of shares. Dividends received on treasury shares are eliminated on consolidation. When treasury shares are sold or re-acquired and cancelled the amount received is recognised as an increase in equity and the resulting surplus or deficit over the cost of these shares on the transaction is transferred to or from distributable reserves. Upon settlement (take-up) of the share options by employees the difference between the proceeds received from the employees and the cost price of shares is accounted for directly in equity.

Fair value gains or losses recognised by a subsidiary or an associate of the group in their own accounts, that pertain to the remeasurement of their investments in Oceana's shares, are eliminated in full from the consolidated profit or loss and other comprehensive income.

28. RELATED PARTIES

Individuals, as well as their close family members, or entities are related parties if one party has the ability directly or indirectly, to control or jointly control the other partner or exercise significant influence over the other party in making financial and/or operating decisions or if the parties are jointly controlled in a joint venture. Key management are defined as all directors and prescribed officers of Oceana Group Limited.

Group holding company

Oceana Group Limited is the ultimate holding company of the group.

During the year, in the ordinary course of business, certain companies and divisions within the group entered into transactions with one another. These intragroup transactions have been eliminated on consolidation.

Related party transactions include:

- Intercompany/ interdivisional dividends paid and received between the holding company, subsidiary companies, joint ventures and associates;
- Intercompany/ interdivisional interest received or paid between the holding company , subsidiary companies, joint ventures and associates;
- Intercompany/ interdivisional loans receivable and payable between the holding company, subsidiary companies, joint ventures and associates;
- Intercompany/ interdivisional sale and purchases of goods and services and plant, property and equipment between the holding company, subsidiary companies, joint ventures and associates; and
- Intercompany and interdivisional rental income and expenses and quota usage fee income and expenses between the holding company, subsidiary companies, joint ventures and associates; and
- Repurchase and sale of ordinary shares of Oceana Group Limited by its subsidiaries. Refer to Note 21.

Directors and key management

Certain non-executive directors are also non-executive directors of other public companies which transact with the group. The relevant directors do not believe that they have control, joint control or significant influence over the financial or operating policies of those companies.

Executive directors' employment contracts do not provide for a defined period of employment, but specify a notice period for the executive directors. During this notice period, all standard benefits accrue to the directors in question. Contracts do not provide for predetermined compensation on termination other than that accorded to employees in terms of the group's remuneration policies.

Employee benefits paid to directors and key management personnel are detailed in Note 37.

Contributions to pension and provident funds

Contributions paid to pension and provident funds additional information are included in Note 32.

29. SEGMENT REPORTING

The segmental information has been prepared in accordance with IFRS 8 – Operating Segments ('IFRS 8'), which defines requirements for the disclosure of financial information of an entity's operating segments. The standard requires segmentation based on the group's internal organisation and reporting of revenue and operating income based upon internal accounting methods.

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker (CODM).The CODM has been identified as the group chief executive officer and the group chief financial officer who are responsible for allocating resources and assessing performance of the operating segments.

Financing segment asset and liabilities includes cash and cash equivalents and loans receivable and payable.

The CODM examines the group's performance from both a product and a geographic perspective and has identified five operating segments:

- Canned fish and fishmeal (Africa): harvests, procures and processes small pelagic species, and markets and sells canned fish, mainly pilchard, across South Africa and several other African markets and fishmeal and fish oil in South Africa and internationally.
- Fishmeal and fish oil (USA): harvests and processes the Gulf menhaden species, and markets and sells the derived fishmeal and fish oil products in the United States and internationally.
- Horse mackerel, hake, lobster and squid: harvests and processes horse mackerel at sea and markets and sells the derived products to targeted markets in Southern, Central and Western Africa markets. Additionally this segment harvests and processes hake, lobster and squid and markets and sells frozen and fresh products in South Africa and to international markets.
- Commercial cold storage and logistics: stores and handles mainly perishable products and provides logistical support services on behalf of major manufacturers, exporters and importers across South Africa.
- Financing segment represents centralised administrative functions relating to treasury activities.

	Group 2020 R'000	Group 2019 R'000	Company 2020 R'000	Company 2019 R'000
1. REVENUE				
The main categories of revenue and the segment to which they relate are set out below:				
Sale of goods				
Canned fish and fishmeal (Africa)	**4 468 561**	4 032 172		
Fishmeal and fish oil (USA)	**1 905 553**	1 721 044		
Horse mackerel, hake, lobster and squid	**1 519 159**	1 504 466		
Rendering of services[1]				
Commercial cold storage and logistics	**383 704**	371 452		
Administration fees from subsidiaries, associate and joint ventures			**269 720**	234 693
Dividends received				
Dividends received from subsidiaries, associate and joint ventures			**684 518**	249 875
Other non-trade revenue[2]				
Canned fish and fishmeal (Africa)	**3 275**	6 368		
Horse mackerel, hake, lobster and squid	**26 830**	9 970		
Commercial cold storage and logistics	**1 259**	1 943		
	8 308 341	7 647 415	**954 238**	484 568

Refer to accounting policy Note 10 Revenue recognition outlining revenue streams and performance obligations.

[1] *Storage, handling and other minor services R362.3 million (2019: R354.1 million) and income from transportation services R21.4 million (2019: R17.4 million).*

[2] *Quota fees R19.3 million (2019: R1.2 million); commission R2.8 million (2019: R3.1 million) and factory processing and other minor recoveries R9.3 million (2019: R14.0 million).*

	Group 2020 R'000	Group 2019 R'000	Company 2020 R'000	Company 2019 R'000
2. OPERATING PROFIT BEFORE ASSOCIATE AND JOINT VENTURE PROFIT/(LOSS)				
Operating profit before associate and joint venture profit/(loss) is arrived at after taking into account the following items:				
Income				
Foreign exchange gain		30 093	**17 007**	2 692
Profit on fair value movements arising from derivative instruments	**118**			
Expenditure				
Loss on fair value movements arising from derivative instruments		303		
Other comprehensive loss recycled to profit or loss	**1 950**	270		
Net loss on disposal of property, plant and equipment and intangible assets		263		
Impairment of loans		1 085		
Foreign exchange loss	**3 146**			
Auditors' remuneration				
Fees for audit – current year	**11 050**	9 694	**2 373**	2 008
Fees for audit – prior year underprovision	**153**	339		
Expenses	**506**	779		
Other services	**2 941**	3 491	**822**	1 376
	14 650	14 303	**3 195**	3 384
Depreciation of property, plant and equipment				
Buildings	**22 223**	18 688	**295**	216
Plant, equipment and motor vehicles	**97 289**	88 260	**5 854**	5 122
Fishing vessels and nets	**70 277**	64 002		
	189 789	170 950	**6 149**	5 338
Depreciation of right-of-use assets	**34 009**		**5 214**	
Lease modification	**(37)**			

2. OPERATING PROFIT BEFORE ASSOCIATE AND JOINT VENTURE PROFIT/(LOSS) *continued*

	Group		Company	
	2020 R'000	2019 R'000	2020 R'000	2019 R'000
Amortisation of intangible assets				
Fishing rights	3 580	3 553		
Computer software	8 114	9 259	8 009	9 146
Non-competes	17 361	18 064		
Customer relations	9 901	8 567		
	38 956	39 443	8 009	9 146
Administrative, technical and secretarial fees	43 621	54 043	14 702	16 527
Operating lease expenses				
Land and buildings		91 041		3 181
Equipment and vehicles		14 780		
		105 821		3 181
Lease expenditure on low value and short term leases				
Low value lease expenses	3 210		550	
Short term lease expenses	39 600		601	
	42 810		1 151	
Employment related expenditure				
Employment costs[1]	1 171 617	1 034 494	94 436	88 686
Retirement costs	74 675	65 151	8 770	7 196
Share-based payments – cash-settled compensation scheme	1 883	(1 407)	1 004	(1 038)
Share-based payments – equity-settled compensation scheme	18 609	12 298	7 502	5 018
	1 266 784	1 110 536	111 712	99 862

[1] *Employment costs are reflected net of R28.6 million (2019: Nil) for government grants received in the USA by Daybrook Fisheries Incorporated relating to The Paycheck Protection Program (PPP) established by the Coronavirus Aid, Relief, and Economic Security (CARES) Act. At year end all performance conditions were met for the full value of the grant to be recognised as an income in the financial current year.*

3. SEGMENTAL RESULTS

	Group					
2020	Canned fish and fishmeal (Africa) R'000	Fishmeal and fish oil (USA) R'000	Horse mackerel, hake, lobster and squid R'000	Commercial cold storage and logistics R'000	Financing[3] R'000	Total R'000
Statements of comprehensive income						
Revenue*	4 471 836	1 905 553	1 545 989	384 963		8 308 341
Operating profit before other operating items	522 077	424 796	353 749	81 657		1 382 279
Other operating items	14 053		3 135			17 188
Operating profit	536 130	424 796	356 884	81 657		1 399 467
Interest income	11 107	3 364	3 781	131		18 383
Interest expense	(170 085)	(86 079)	(4 721)	(11 074)		(271 959)
Profit before taxation	377 152	342 081	355 944	70 714		1 145 891
Taxation	(129 869)	(69 896)	(103 473)	(26 502)		(329 740)
Profit after taxation	247 283	272 185	252 471	44 212		816 151
The above profit after taxation for the year include the following:						
Depreciation and amortisation	43 566	116 680	75 694	26 814		262 754

3. SEGMENTAL RESULTS *continued*

2020	Canned fish and fishmeal (Africa) R'000	Fishmeal and fish oil (USA) R'000	Horse mackerel, hake, lobster and squid R'000	Commercial cold storage and logistics R'000	Financing[3] R'000	Total R'000
	Group					
Statements of financial position						
Total assets	**1 655 257**	**7 417 237**	**1 171 318**	**594 079**	**1 233 490**	**12 071 381**
Total liabilities	**1 196 289**	**299 946**	**410 587**	**190 341**	**3 994 283**	**6 091 446**
The above amounts of assets and liabilities include the following:						
Interest in subsidiaries, associate and joint ventures	**72 228**	**250 435**	**1**			**322 664**

The group's revenue and segment non-current assets by geographic segment are detailed below:

2020 **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
Revenue[1]	**4 232 729**	**884 869**	**1 597 974**	**1 304 953**	**262 941**	**24 875**	**8 308 341**
Non-current assets[2]	**1 051 684**		**6 367 677**				**7 419 361**

2019	Canned fish and fishmeal (Africa) R'000	Fishmeal and fish oil (USA) R'000	Horse mackerel, hake, lobster and squid R'000	Commercial cold storage and logistics R'000	Financing[3] R'000	Total R'000
	Group					
SEGMENTAL RESULTS						
Statements of comprehensive income						
Revenue*	4 038 540	1 721 044	1 514 436	373 395		7 647 415
Operating profit before other operating items	450 591	359 102	303 172	62 460		1 175 325
Other operating items	(14 293)		(1 108)	(2 046)		(17 447)
Operating profit	436 298	359 102	302 064	60 414		1 157 878
Interest income	12 579	13 362	7 459	281		33 681
Interest expense	(207 830)	(80 435)	(5 970)	(312)		(294 547)
Profit before taxation	241 047	292 029	303 553	60 383		897 012
Taxation	(77 471)	(56 151)	(87 034)	(27 989)		(248 645)
Profit after taxation	163 576	235 878	216 519	32 394		648 367
The above profit after taxation for the year includes the following:						
Depreciation and amortisation	35 634	95 258	65 250	14 251		210 393
Statements of financial position						
Total assets	2 429 690	6 982 621	579 020	220 846	588 022	10 800 199
Total liabilities	951 875	625 703	346 375	92 635	3 661 884	5 678 472
The above amounts of assets and liabilities include the following:						
Interest in subsidiaries, associate and joint ventures	72 731	229 323	1			302 055

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FOR THE YEAR ENDED 30 SEPTEMBER 2020

3. SEGMENTAL RESULTS *continued*

The group's revenue and segment non-current assets by geographic segment are detailed below:

2019 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
Revenue[1]	4 192 618	742 597	1 307 645	1 179 074	200 465	25 016	7 647 415
Non-current assets[2]	880 117		5 703 713				6 583 830

The segments have been based on both the geographic region of primary group operations and where the different products are sold and services are rendered by the group.

* Aggregation has been applied where the geographic regions of the primary operations have similar economic characteristics with regards to the nature of the products and services, production process, methods used to distribute products or render services, and are managed as a single segment.

Revenue excludes the following inter-segmental revenues in South Africa and Namibia which are eliminated on consolidation: Horse mackerel, hake, lobster and squid R47.4 million (2019: R44.0 million) and commercial cold storage and logistics R98.8 million (2019: R88.7 million).

Financial impact of Covid-19 pandemic on the group has been quantified as follows:

The group incurred additional costs in the provision of personal protective equipment, dedicated staff transport, food parcels and staff recognition bonuses for frontline workers, in order to provide a safe working environment at both our land and sea-based operations. In addition to the fortitude demonstrated by our workforce, this resulted largely in uninterrupted and continuous harvesting, processing and supply of product.

Notwithstanding this level of resilience, during the period our fishing operations suffered intermittent disruptions due to Covid-19 infections. This resulted in lost harvesting time, particularly in our USA and Namibian operations.

Notes:

1. *Revenue per region is classified based on the region in which product is sold and services are rendered.*
2. *Non-current assets per region is allocated based on where the subsidiary is located and includes property, plant and equipment, right-of-use assets, goodwill and intangible assets and excludes assets held for sale.*
3. *Financing includes cash and cash equivalents and loans receivable and payable.*

	Group		Company	
	2020 R'000	2019 R'000	2020 R'000	2019 R'000
4. OTHER OPERATING INCOME/(EXPENSE) ITEMS				
Impairment of investment in joint venture[1]				(66 401)
Profit on disposal of fishing vessel		3 303		
Profit on disposal of property[2]	**11 799**			
Profit on disposal of property,plant and equipment	**750**			
Impairment of loans in joint venture[3]	**(9 716)**	(17 596)	**(13 540)**	(26 940)
Impairment of property, plant and equipment	**(1 006)**	(1 108)		
Impairment of goodwill		(1 276)		
Loss on disposal of business[4]		(770)		
Profit on disposal of intangible assets[5]	**22 107**			
Gain on deregistration of foreign subsidiary[6]	**3 414**			
Foreign exchange loss on translation of impaired loans with joint venture[3]	**(10 160)**			
	17 188	(17 447)	**(13 540)**	(93 341)

Notes:

1. *The company's investment in Oceana Boa Pesca Limitada was impaired during the prior year, following the decline in the sardinella resource in Angola.*
2. *The disposal of property relates to land and buildings that were surplus to operational requirements.*
3. *Loans impaired pertains to loans with the group's African fishmeal and fishoil joint ventures Oceana Boa Pesca LImitada and Oceana Pesche International. The loans exhibited increased credit risk and are deemed to be credit impaired following management's decision to terminate the operations on the back of the decline in the sardinella resource in Angola.*
4. *The R0.8 million in the prior year relates to loss on sale of the Commercial Cold Storage and Logistics: V&A cold store assets.*
5. *During the current financial year, Lucky Star Limited disposed of the Glenryck UK trademark.*
6. *The gain on deregistration of the Interpesca International group of companies ,relates largely to a release of the foreign currency translation reserve.*

	Group 2020 R'000	Group 2019 R'000	Company 2020 R'000	Company 2019 R'000
5. INTEREST INCOME				
Amounts owing by subsidiaries			**39 020**	29 040
Bank and short-term deposits	**8 221**	17 851	**2 338**	2 092
Loans to joint ventures and supply partners	**9 216**	14 251		
Loans	**448**	399		
Other*	**498**	1 180		
	18 383	33 681	**41 358**	31 132

* *Other interest income comprises interest received from debtors and Revenue Services.*

	Group 2020 R'000	Group 2019 R'000	Company 2020 R'000	Company 2019 R'000
6. INTEREST EXPENSE				
Amounts owing to subsidiaries			**18 452**	21 660
Bank	**35 142**	59 963	**22 406**	19 126
Interest on amortised loans	**209 518**	229 679		
Lease liabilities	**23 570**		**5 454**	
Other*	**3 729**	4 905		
	271 959	294 547	**46 312**	40 786

* *Other interest expense comprises interest paid to creditors and Revenue Services.*

	Group 2020 R'000	Group 2019 R'000	Company 2020 R'000	Company 2019 R'000
7. TAXATION				
7.1 SOUTH AFRICAN CURRENT TAXATION				
Current year	**181 620**	119 314		
Adjustments in respect of previous years	**5 421**	(5 839)	**775**	
Capital gains tax[2]	**5 763**			
	192 804	113 475	**775**	
7.2 FOREIGN CURRENT TAXATION				
Current year	**109 233**	102 709		
Adjustments in respect of previous years	**(1 977)**	(17 384)		
Withholding tax[1]	**21 638**	9 786	**15 816**	8 109
	321 698	208 586	**16 591**	8 109
7.3 SOUTH AFRICAN DEFERRED TAXATION				
Current year	**8 165**	32 293	**8 178**	5 206
Adjustments in respect of previous years	**(4 194)**	3 157	**(275)**	(291)
	325 669	244 036	**24 494**	13 024
7.4 FOREIGN DEFERRED TAXATION				
Current year	**4 999**	5 013		
Adjustments in respect of previous years	**(928)**	(404)		
Taxation charge	**329 740**	248 645	**24 494**	13 024

Notes:
1. Withholding tax is paid on intergroup interest and dividends received from foreign subsidiaries in Namibia and the United States of America.
2. Capital gains tax comprises taxation on capital gains realised on the disposal of property, plant and equipment and intangible assets in the ordinary course of business.

The maximum potential future tax consequences of undistributed earnings from foreign subsidiaries amounts to R59 million (2019: R62 million).

7. TAXATION *continued*

	Group 2020 %	Group 2019 %	Company 2020 %	Company 2019 %
7.5 THE RECONCILIATION OF THE EFFECTIVE RATE OF TAXATION CHARGE WITH THE SOUTH AFRICAN COMPANY INCOME TAX RATE IS AS FOLLOWS:				
Effective rate of taxation	**28.8**	27.7	**3.6**	7.9
Adjustment to rate due to:				
Dividend income			**27.9**	42.2
Net effect of tax losses		(0.3)		
Adjustment in respect of previous years	**0.2**	2.8		0.1
Foreign taxation rate differentials and withholding taxes	**(0.7)**	(0.1)	**(2.3)**	(4.9)
Associate and joint venture income	**(0.3)**	(0.9)		
Exempt income arising from capital profits and foreign exchange gains	**0.9**	0.2	**0.2**	0.9
Capital gains tax	**(0.5)**			
Impairment losses not allowable for taxation	**(0.2)**	(0.5)		(15.8)
Expenses not allowable for taxation	**(0.2)**	(0.9)	**(1.4)**	(2.4)
South African company income tax rate	**28.0**	28.0	**28.0**	28.0

	Group 2020 R'000	Group 2019 R'000	Company 2020 R'000	Company 2019 R'000
7.6 THE GROUP AND COMPANY'S SHARE OF TAX LOSSES AVAILABLE AS A DEDUCTION FROM THEIR FUTURE TAXABLE INCOMES AMOUNTED TO:				
South African	**26 369**	131 971	**10 337**	38 868
Foreign	**11 650**	5 745		
Total	**38 019**	137 716	**10 337**	38 868
Tax savings effect:				
Deferred tax recognised	**11 111**	38 790	**2 894**	10 883
Deferred tax not recognised		5		

Realisation of the deferred taxation assets are expected out of future taxable income, which is based on the assessment by management of future plans and forecasts, and is assessed and deemed to be reasonable.

	Group 2020 R'000	Group 2019 R'000	Company 2020 R'000	Company 2019 R'000
7.7 DEFERRED TAX RECOGNISED THROUGH OTHER COMPREHENSIVE INCOME				
Fair value remeasurement of cashflow hedge and cost of hedging	**11 208**	5 276		

	Number of shares 2020	2019
8. EARNINGS PER SHARE		
8.1 CALCULATION OF WEIGHTED AVERAGE NUMBER OF ORDINARY SHARES		
Weighted average number of ordinary shares	**130 431 804**	135 526 154
Less: Weighted average:		
Treasury shares held by Oceana Empowerment Trust	**(13 432 967)**	(13 505 354)
Treasury shares held by Lucky Star Limited	**(119 473)**	(5 094 350)
Treasury shares held by Oceana Group Share Trust	**(16 500)**	(16 500)
Weighted average number of ordinary shares used in the calculation of basic earnings and headline earnings per share	**116 862 864**	116 909 950
Shares deemed to be issued for no consideration in respect of unexercised share options	**9 223 718**	10 132 951
Weighted average number of ordinary shares used in the calculation of diluted earnings and diluted headline earnings per share	**126 086 582**	127 042 901

Oceana Group Limited's ("Oceana's") wholly-owned subsidiary Lucky Star Limited ("Lucky Star") held 5 094 350 ordinary shares of no par value which were acquired in terms of specific authorisation to repurchase shares in 2007. Oceana repurchased the 5 094 350 shares of no par value as announced on the JSE Limited's Stock Exchange News Service on 30 March 2020. The subsequent delisting and cancellation of the 5 094 350 ordinary shares, as approved by the JSE Limited, was effected on 30 March 2020

A total of 288 400 shares were repurchased on the open market, during the period by Lucky Star Limited, for the purposes of the group's forfeitable share plan allocation.The shares were acquired at an average price of R58.32 per share.

The lock-in period for the Oceana Empowerment Trust will expire in January 2021 and the Trust's winding up process will commence in terms of the trust deed.

	Group			
	Gross of tax 2020 R'000	Net of tax and non-controlling interests 2020 R'000	Gross of tax 2019 R'000	Net of tax and non-controlling interests 2019 R'000
8.2 DETERMINATION OF HEADLINE EARNINGS				
Profit after taxation attributable to shareholders of Oceana Group Limited		**760 635**		617 616
Adjusted for:				
Impairment of capital contribution	**4 047**	**4 047**	7 887	7 887
Impairment of property, plant and equipment and intangible assets	**1 006**	**428**	2 384	2 074
Joint venture: Reversal of impairment of property, plant and equipment			7 903	7 550
Joint venture: profit on disposal of vessels	**(710)**	**(483)**		
Loss on disposal of business			770	3 354
Gain on deregistration of foreign subsidiary	**(3 414)**	**(3 414)**		
Profit on disposal of intangible assets	**(22 107)**	**(17 412)**		
Insurance proceeds	**(2 576)**	**(1 361)**		
Net profit on disposal of property, plant and equipment	**(12 548)**	**(8 022)**	(3 040)	(2 115)
Headline earnings for the year		**734 418**		636 366
Headline earnings per share (cents)				
– Basic		**628.4**		544.3
– Diluted		**582.5**		500.9

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FOR THE YEAR ENDED 30 SEPTEMBER 2020

	Group		Company	
	2020 R'000	2019 R'000	2020 R'000	2019 R'000
9. DIVIDENDS				
Final dividend of 240 cents per share was declared on 14 November, paid 23 December 2019 (2018: 304 cents)	**280 710**	355 300	**325 263**	412 000
Interim of 100 cents per share declared on 27 July 2020, paid 27 August 2020 (2019: 123 cents)	**116 747**	143 855	**130 430**	166 697
Dividends paid during the year	**397 457**	499 155	**455 693**	578 697
Dividend declared and not accrued after reporting date	**342 068**	280 710	**382 165**	325 263
Dividends per share (cents)	**393**	363	**393**	363
– Interim paid	**100**	123	**100**	123
– Final declared after reporting date	**293**	240	**293**	240

	Group				
	Freehold land and buildings R'000	Leasehold land and buildings R'000	Plant, equipment and vehicles R'000	Fishing vessels and nets R'000	Total R'000
10. PROPERTY, PLANT AND EQUIPMENT					
2019					
Cost	828 621	94 357	1 639 527	719 788	3 282 293
Accumulated depreciation and impairment losses	(256 394)	(67 135)	(916 204)	(455 934)	(1 695 667)
Net book value at 1 October 2018	572 227	27 222	723 323	263 854	1 586 626
Current year movement					
Additions	12 511	13 515	131 308	70 812	228 146
Business disposal – cost		(3 523)	(19 125)	169	(22 479)
Business disposal – accumulated depreciation		2 064	12 186	(34)	14 216
Disposals – cost		(109)	(23 890)	(93 219)	(117 218)
Disposals – accumulated depreciation		520	20 959	93 218	114 697
Depreciation	(17 531)	(1 157)	(88 260)	(64 002)	(170 950)
Impairment change		(766)	(342)		(1 108)
Foreign exchange differences	31 214	374	33 703		65 291
Balance at 30 September 2019	598 421	38 140	789 862	270 798	1 697 221
Made up as follows:					
Cost	887 996	104 690	1 793 139	697 551	3 483 376
Accumulated depreciation and impairment losses	(289 575)	(66 550)	(1 003 278)	(426 752)	(1 786 155)
Net book value at 30 September 2019	598 421	38 140	789 861	270 799	1 697 221
2020					
Current year movement					
Additions	**14 107**	**23 513**	**131 883**	**70 354**	**239 857**
Disposals – cost	**(1 307)**	**(2 640)**	**(33 415)**	**(54 947)**	**(92 309)**
Disposals – accumulated depreciation	**829**	**2 082**	**31 068**	**51 339**	**85 318**
Depreciation	**(20 449)**	**(1 774)**	**(97 289)**	**(70 277)**	**(189 789)**
Reclassified to assets held for sale at carrying amount (Note 12)		**(691)**	**(6 749)**		**(7 440)**
Foreign exchange differences	**58 116**	**722**	**65 277**		**124 115**
Balance at 30 September 2020	**649 717**	**59 352**	**880 636**	**267 268**	**1 856 973**
Made up as follows:					
Cost	**958 912**	**125 594**	**1 950 135**	**712 958**	**3 747 599**
Accumulated depreciation and impairment losses	**(309 195)**	**(66 242)**	**(1 069 499)**	**(445 690)**	**(1 890 626)**
Net book value at 30 September 2020	**649 717**	**59 352**	**880 636**	**267 268**	**1 856 973**

10. PROPERTY, PLANT AND EQUIPMENT *continued*

The cost of fully depreciated assets still in use amounts to R437.2 million (2019: R410.8 million).

The insured value of the group's property, plant and equipment at 30 September 2020 amounts to R6.2 billion (2019: R5.6 billion).

Details of land and buildings mentioned above are included in registers which are available on request for inspection at the registered office of the company. The group does not hold any investment properties.

The US Dollar-denominated term loan is secured by a first-priority perfected security interest in substantially all of the tangible and intangible assets of the Oceana US Holdings Incorporated, Daybrook Investors Incorporated, Daybrook Holdings Incorporated and Daybrook Fisheries Incorporated. Refer to Note 3 for detail of segment assets and Note 23 for loan details.

During the current financial year assets with a cost price of R65.9 million and accumulated amortisation of R58.5 million were designated held for sale in relation to the Bayhead cold storage facility operated by the Commercial Cold Storage and Logistics division. Refer to Note 12 for more details.

	Company R'000
2019	
Property, plant and equipment	
Cost	40 043
Accumulated depreciation and impairment losses	(21 783)
Net book value at 1 October 2018	18 260
Prior year movement	
Additions	6 189
Depreciation	(5 338)
Balance at 30 September 2019	19 111
Made up as follows:	
Cost	46 232
Accumulated depreciation and impairment losses	(27 121)
Net book value at 30 September 2019	19 111
2020	
Current year movement	
Additions	**11 439**
Depreciation	**(6 149)**
Balance at 30 September 2020	**24 401**
Made up as follows:	
Cost	**57 671**
Accumulated depreciation and impairment losses	**(33 270)**
Net book value at 30 September 2020	**24 401**

The net book value of R24.0 million (2019: R19.1 million) comprises: Leasehold building improvements R4.2 million (2019: R3.7 million); computer hardware R15.4 million (2019: R14.3 million) and motor vehicles, furniture and office equipment R4.8 million (2019: R1.1 million).

	Group 2020 R'000 Leasehold Land and Buildings	Company 2020 R'000 Leasehold Land and Buildings
11. RIGHT-OF-USE ASSETS		
2020		
IFRS 16 transitional adjustment at 1 October 2019	185 002	35 196
Current year movement		
New leases contracted into during the year[1]	24 082	
Lease re-assessments/modifications[2]	(1 457)	
Depreciation	(34 009)	(5 214)
Foreign exchange differences	(111)	
Net book value at 30 September 2020	173 507	29 982
Made up as follows:		
Cost	207 516	35 196
Accumulated depreciation and impairment losses	(34 009)	(5 214)
Net book value at 30 September 2020	173 507	29 982

[1.] *New leases entered into in the current year relate to contracts negotiated for rental of premises used by Daybrook Fisheries Incorporated, Blue Continent Products Proprietary Limited and Commercial Cold Storage (Ports) Proprietary Limited.*

[2.] *Lease amendments such as extension of lease terms were treated as lease modifications. The impact of the modifications were immaterial. No significant amendments to leases were experienced by the group as a result of the pandemic.*

Most lease contracts are concluded for fixed periods but in some instances, lease agreements include options to renew. When the exercise of renewal options are considered reasonably certain, usually where there is an economic incentive to exercise the option, the lease term will include the period of the option.

Lease obligations do not impose any covenants on the group and the right-of-use assets are not provided as security for the group's interest-bearing borrowings.

The group was not given rent concessions as a result of the Covid-19 pandemic. No other significant changes were experienced by the group as a result of the Covid-19 pandemic.

12. ASSETS HELD FOR SALE

The Bayhead cold storage facility operated by the Commercial Cold Storage and Logistics division has been designated as held for sale following the conclusion of an agreement of sale of the business.

During the prior year, the company and group's investment in Oceana Boa Pesca Limitada was impaired following a decision to mothball all operations following a decline in the Sardinella resource in Angola. During 2020, Oceana entered into an agreement to dispose of its interest in Oceana Boa Pesca Limitada to its joint venture partner.

Accordingly the Investment and related loans in Oceana Boa Pesca Limitada have been designated as held for sale.

Both transactions are expected to be concluded by 31 January 2021.

Reclassification of assets to assets held for sale	Group 2020 R'000	Company 2020 R'000
Cold storage assets held for sale (Commercial cold storage and logistics segment)		
Reclassified from plant and equipment and vehicles (Note 10)	6 749	
Reclassified from land and buildings (Note 10)	691	
Reclassified from intangible assets (Note 13)	63	
	7 503	
Oceana Boa Pesca Limitada joint venture interests held for sale[1] (Canned fish and fishmeal (Africa) segment)		
Reclassified from loans and investments with joint ventures and associates (Note 16)	11 917	11 917
Carrying amount of assets held for sale at 30 September 2020	19 420	11 917

[1] *The investment and long-term interest is designated held for sale and has been reclassified from loans and investments with joint ventures and associate at a carrying amount of R11.9 million. Refer to Note 16 and Note 4 for details relating to the impairment of the investment and loan (net interest in Oceana Boa Pesca) relating to the current year.*

13. INTANGIBLE ASSETS

	Group							
	Goodwill R'000	Trademark R'000	Intellectual property R'000	Fishing rights R'000	Customer relations R'000	Non-competes R'000	Computer software R'000	Total R'000
2019								
Balance at the beginning of the year								
Cost	3 359 412	211 727	868 386	167 507	49 906	98 389	140 500	4 895 827
Accumulated amortisation				(111 490)	(26 549)	(55 981)	(53 694)	(247 714)
Accumulated impairment	(17 630)	(13 205)						(30 835)
Net book value 1 October 2018	3 341 782	198 522	868 386	56 017	23 357	42 408	86 806	4 617 278
Current year movements								
Additions				11 191			14 842	26 033
Disposal – cost							(11 369)	(11 369)
Disposal – accumulated amortisation							11 369	11 369
Amortisation for the year				(3 553)	(8 567)	(18 064)	(9 259)	(39 443)
Release on disposal of business	(10 000)							(10 000)
Impairment charge	(1 276)							(1 276)
Exchange difference on translation	219 492	12 739	58 330		1 259	2 195	2	294 017
Balance at 30 September 2019	3 549 998	211 261	926 716	63 655	16 049	26 539	92 391	4 886 609
Made up as follows:								
Cost	3 578 904	224 466	926 716	178 698	53 258	104 998	143 975	5 211 015
Accumulated amortisation				(115 043)	(37 209)	(78 459)	(51 584)	(282 295)
Accumulated impairment	(28 906)	(13 205)						(42 111)
Net book value at 30 September 2019	3 549 998	211 261	926 716	63 655	16 049	26 539	92 391	4 886 609
Current year movements								
Additions							**245**	**245**
Disposal – cost		**(8 007)**		**(7 189)**			**(2 450)**	**(17 646)**
Disposal – accumulated amortisation				**5 173**				**5 173**
Amortisation for the year				**(3 580)**	**(9 901)**	**(17 361)**	**(8 114)**	**(38 956)**
Reclassified to held for sale at carrying amount (Note 12)							**(63)**	**(63)**
Exchange difference on translation	**414 371**	**24 047**	**110 119**		**1 878**	**3 101**	**3**	**553 519**
Balance at 30 September 2020	**3 964 369**	**227 301**	**1 036 835**	**58 059**	**8 026**	**12 279**	**82 012**	**5 388 881**
Made up as follows:								
Cost	**3 993 275**	**240 506**	**1 036 835**	**171 510**	**59 588**	**117 474**	**138 664**	**5 757 852**
Accumulated amortisation				**(113 451)**	**(51 562)**	**(105 195)**	**(56 652)**	**(326 860)**
Accumulated impairment	**(28 906)**	**(13 205)**						**(42 111)**
Net book value at 30 September 2020	**3 964 369**	**227 301**	**1 036 835**	**58 059**	**8 026**	**12 279**	**82 012**	**5 388 881**

13. INTANGIBLE ASSETS *continued*

	Company R'000
2019	
Cost	114 975
Accumulated amortisation	(28 288)
Net book value at 1 October 2018	86 687
Current year movements	
Additions	14 672
Amortisation for the year	(9 146)
Net book value at 30 September 2019	92 213
Made up as follows:	
Cost	129 647
Accumulated amortisation	(37 434)
Net book value at 30 September 2019	92 213
2020	
Current year movements	
Disposal	**(2 450)**
Amortisation for the year	**(8 009)**
Net book value at 30 September 2020	**81 754**
Made up as follows:	
Cost	**127 197**
Accumulated amortisation	**(45 443)**
Net book value at 30 September 2020	**81 754**

Intangible assets for the company consists of computer software.

Amortisation of intangible assets are disclosed in the cost of sales R3.6 million (2019: R3.6 million) and overheads expenditure R35.4 million (2019: R35.9 million) lines on the face of the statement of comprehensive income for the group.

The remaining amortisation period for significant intangible assets are as follows:

Hake fishing rights	**16.3 years**
Pelagic fishing rights	**16.3 years**
Lobster fishing rights	**16.3 years**
Customer relations	**0.8 years**
Non-competes	**1.8 – 4.8 years**
Computer software	**2.0 – 10.0 years**

The US Dollar-denominated term loan is secured by a first-priority perfected security interest in substantially all of the tangible and intangible assets of the Oceana US Holdings Incorporated, Daybrook Investors Incorporated, Daybrook Holdings Incorporated and Daybrook Fisheries Incorporated. Refer to Note 3 for detail of segment assets.

During the current financial year intangible assets with a cost price of R1.0 million and accumulated amortisation of R0.9 million were designated held for sale in relation to the Bayhead Cold storage facility operated by the Commercial Cold Storage and Logistics division. Refer to Note 12 for more details.

13. INTANGIBLE ASSETS *continued*

13.1 ALLOCATION OF GOODWILL, TRADEMARKS, INTELLECTUAL PROPERTY, FISHING RIGHTS, CUSTOMER RELATIONS AND NON-COMPETES TO CASH GENERATING UNITS (CGUS)

Goodwill and intangible assets arising from business combinations are allocated at acquisition, to the group's CGUs that are expected to benefit from the business combination. The table below summarises how the carrying amounts of goodwill and intangibles assets, attributable to the respective business combinations or asset acquisitions, have been allocated to the group's CGUs. The carrying amounts are reported net of impairment losses.

	Group					
	Goodwill R'000		Trademarks R'000		Intellectual property R'000	
	2020	2019	2020	2019	2020	2019
Glenryck Brand						
Canned fish and fishmeal (Africa)			**866**	8 873		
Foodcorp business combination						
Horse mackerel, hake, lobster and squid	**45 166**	45 166				
Canned fish and fishmeal (Africa)	**17 669**	17 669				
Daybrook business combination						
Fishmeal and fish oil (USA)	**3 901 534**	3 487 163	**226 435**	202 388	**1 036 835**	926 716
	3 964 369	3 549 998	**227 301**	211 261	**1 036 835**	926 716

	Group					
	Fishing rights R'000		Customer relations R'000		Non-competes R'000	
	2020	2019	2020	2019	2020	2019
Lusitania business combination						
Horse mackerel, hake, lobster and squid	**14 968**	17 904				
Foodcorp business combination						
Canned fish and fishmeal (Africa)	**31 736**	32 235				
Horse mackerel, hake, lobster and squid	**301**	327				
Daybrook business combination						
Fishmeal and fish oil (USA)			**8 026**	16 049	**12 279**	26 539
Other fishing rights acquired						
Canned fish and fishmeal (Africa)		1 454				
Horse mackerel, hake, lobster and squid	**11 054**	11 735				
	58 059	63 655	**8 026**	16 049	**12 279**	26 539

Glenryck Brand

The Glenryck Brand is allocated entirely to the canned fish and fishmeal (Africa) CGU (refer to table above). During the current financial year, the UK portion of the Glenryck Brand, with a carrying amount of R8.0 million was disposed for R30.1 million resulting in a profit on disposal of R22.1 million.

13. INTANGIBLE ASSETS *continued*

Foodcorp business combination

The goodwill arising on the acquisition of the Foodcorp fishing business has been allocated to two CGUs, namely horse mackerel, hake, lobster and squid and canned fish and fishmeal (Africa)(refer to table above).

The recoverable amount of each of these CGUs is determined based on a value-in-use calculation using cash flow forecasts approved by the directors, covering a period of three years followed by an extrapolation of expected cash flows for the years thereafter using assumptions determined by management and approved by the directors. When determining the assumptions, consideration is given to the impact of external market factors such as, resource biomass, changes in market demand and pricing as well as internal factors relating to current operating conditions and production trends.

The main areas of judgement applied relate to quantum of quota available to catch, future quota allocations, production yields and sales pricing.

Fish catch volumes in South Africa have been based on the future expected biomass of the resource and the related total allowable catch (TAC) and potential adjustments to future quota allocations. Yields have been based on historic averages adjusted for the expected impact of the budgeted capital expenditure incurred to improve fishmeal and oil yields. Gross margins are based on the average forecast gross margin for the forecast period, and are between 45.7% and 47.9% (2019: 39.7% and 42.4%) for the horse mackerel, hake, lobster and squid CGU; 8.1% and 9.2% (2019: 5.6%) (canned fish) and between 16.0% and 31.9% (2019: 10.0% and 22.0%) (fishmeal) for the canned fish and fishmeal (Africa) CGU.

The present value of the expected future cash flows for the horse mackerel, hake, lobster and squid CGU and canned fish and fishmeal (Africa) CGU were determined using pre-tax discount rates of 14.7% and 15.8% (2019: 14.8% and 15.2%) respectively. The discount rates were derived from the weighting average cost of capital (WACC) for comparable entities, based on market data and include appropriate adjustments relating to market risk and specific risk factors for each CGU as required.

A long-term growth rate of 3.0% (2019: 3.0%) has been used based on the longer-term core inflation expectations for the South African economy.

The directors estimate that an increase in the discount rate of 24.5% (2019: 1.9%) for the canned fish and fishmeal (Africa) CGU and 45.7% (2019: 150.2%) for the horse mackerel, hake, lobster and squid CGU would result in the aggregate carrying value of each CGU exceeding the recoverable amount. It is further estimated that if the assumed margins deviate by more than 17.9% (2019: 18.5%) for horse mackerel, hake, lobster and squid and 3.0% (2019: 0.5%) for canned fish and fishmeal, the carrying amount would exceed its recoverable amount.

Daybrook business combination

The goodwill arising on the acquisition of Daybrook Fisheries Incorporated has been allocated entirely to the fishmeal and fish oil (USA) CGU (refer to table above).

Trademarks and intellectual property both with indefinite useful lives arising on the acquisition of Daybrook Fisheries Incorporated are included in the fishmeal and fish oil (USA) CGU. The annual assessment of impairment of these intangible assets indicates that no adjustments are required to the current valuation.

The acquired Daybrook brand is an established trademark in the fishmeal and fish oil industry both within the US domestic market and internationally and as such, management believes there is no foreseeable limit over which the group will continue to generate revenue from its continued use. In addition management has exercised their judgement and assumed the group will continue to renew legal rights to the Daybrook trademark without significant costs beyond the foreseeable future. The trademark has accordingly been assessed as having an indefinite useful life.

The Daybrook intellectual property acquired consists of developed know-how and expertise that allows incremental production efficiencies above the typical market participant. While not patented, these processes have taken years to develop and are closely held by the company in an industry which by its nature has stable technical requirements and market demands. Intellectual property has been assessed as having an indefinite life as it can reasonably be expected to generate revenues beyond the foreseeable future without significant maintenance costs. Based on management's review, the carrying amount of the intellectual property is not considered to be impaired in the current year.

The recoverable amount of the CGU is determined based on a value-in-use calculation using cash flow forecasts approved by the directors, covering a period of three years followed by an extrapolation of expected cash flows for years four and five using assumptions determined by management and approved by the directors. When determining the assumptions, consideration is given to the impact of external market factors, such as changes in market demand and pricing and changes in interest rates as well as internal factors relating to current operating conditions and production trends.

The main areas of judgement applied in determining the recoverable amount of the CGU, relate to fish catch, production yields, sales pricing and weighted average cost of capital.

After considering the state of the biomass, stable fish catch volumes were assumed from 2022 and production yields based on historical averages. Gross margins are based on the average forecast gross margin for the forecast period, and are between 37.6% and 37.8% (2019: 38.7% and 40.8%) for fishmeal and fish oil (USA) business.

13. INTANGIBLE ASSETS *continued*

The present value of the expected future cash flows for the fishmeal and fish oil (USA) CGU was determined using pre-tax discount rate of 8.4% (2019: 9.5%). The discount rate was derived from the WACC for comparable entities, based on market data and includes appropriate adjustments relating to market risk and specific risk factors for the CGU.

A long-term growth rate of 2.1% (2019: 2.2%) has been used based on the 10-year forecast mean US CPI inflation rate per the June 2020 Livingston survey.

The directors estimate that an increase in the discount rate by 1.6% (2019: 2.5%) for the fishmeal and fish oil (USA) CGU would result in the aggregate carrying value of the CGU exceeding the recoverable amount. It is further estimated that if the assumed margins deviate by more than 5.2% (2019: 7.5%) the CGU carrying amount would exceed its recoverable amount.

	Group		Company	
	2020 R'000	2019 R'000	2020 R'000	2019 R'000
14. DEFERRED TAXATION				
Deferred tax assets	**20 793**	26 567	**10 327**	11 691
Deferred tax liabilities	**(541 257)**	(524 875)		
Net deferred tax (liabilities)/asset	**(520 464)**	(498 308)	**10 327**	11 691
Net (liabilities)/assets at the beginning of the year	**(498 308)**	(439 423)	**11 691**	16 472
IFRS 16 transition adjustment	**21 840**		**6 483**	
Adjusted net (liabilities)/assets at the beginning of the year	**(476 468)**	(439 423)	**18 174**	16 472
Transferred from subsidiary			**56**	134
Income tax related to loss recognised in equity	**11 208**	5 276		
Associate – unrealised profits recognised directly in other comprehensive income		1 110		
Foreign currency translation adjustment	**(47 162)**	(25 213)		
Debited to the statement of comprehensive income	**(8 042)**	(40 058)	**(7 903)**	(4 915)
Net (liabilities)/assets at the end of the year	**(520 464)**	**(498 308)**	**10 327**	**11 691**
Comprising:				
Hurricane relief funds and insurance[1]	**(47 103)**	(45 743)		
Deferred compensation	**4 953**	5 363		
Property, plant and equipment	**(255 262)**	(218 811)	**(14 315)**	(8 039)
Right-of-use asset	**(39 030)**		**(8 395)**	
Intangible assets	**(280 702)**	(257 730)		
Estimated taxation loss	**11 111**	38 785	**2 894**	10 883
Provisions and other credit balances	**50 170**	36 535	**14 482**	8 847
Lease Liabilities	**59 585**		**15 661**	
Fair value adjustments arising from business combination	**(26 220)**	(23 435)		
Unutilised capital losses[2]	**21 000**	18 776		
Section 24P allowances, prepayments and other	**(18 966)**	(52 048)		
	(520 464)	(498 308)	**10 327**	11 691

Deferred tax has been calculated at the standard corporate tax rate as at the reporting date, as management expects to recover the carrying value of assets and settle the carrying value of liabilities through use. Deferred tax assets are raised after due consideration of future taxable income based on approved budgets and forecasts.

Realisation of the deferred taxation assets are expected out of future taxable income, which is based on the assessment by management of future plans and forecasts, and is assessed and deemed to be reasonable.

1. *Under the tax laws in the United States, a business casualty loss is treated as an "involuntary conversion". The proceeds are normally taxable, but under section 1033 of the Internal Revenue Code the company can elect to defer the tax on the proceeds if the insurance/relief proceeds are invested in similar property by the end of the second year following the year during which the recovery is paid. Deferred tax has therefore been raised on this temporary difference. Under this law Daybrook Fisheries Incorporated can reinvest the gain (proceeds less book value at time of property loss) made on the replaced property into a similar item of property or equipment. If the business is in a presidentially-declared disaster area then the proceeds can be reinvested in any tangible property to be used in the business.*
2. *US federal capital losses from settlement of put option in USA available for set-off against future taxable gains.*

	Group		Company	
	2020 R'000	2019 R'000	2020 R'000	2019 R'000
15. INVESTMENTS AND LOANS				
Loans to supply partners	**84 200**	107 258	**219**	164
Other investments	**710**	424	**709**	424
Total	**84 910**	107 682	**928**	588

Company loans consist of an unsecured, interest-free loan with no fixed terms of repayment to a company in which the group holds a 3.5% (2019: 2.7%) equity share. No impairment provision is required in respect to this loan.

Group loans consist of secured and unsecured loans, and bear interest at rates ranging from interest-free to prime plus a margin (2019: interest-free to prime plus a margin). A loss allowance of R1.4 million was raised (2019: R1.1 million) in line with the expected credit loss.

The group applies the general approach in calculating ECLs for loans and advances.

Movement in net loans

	Group 2020 R'000	Group 2019 R'000	Company 2020 R'000	Company 2019 R'000
Balance at the beginning of the year	**107 258**	122 071	**164**	164
Advances to supply partners	**1 040**	1 500		
Interest capitalised	**13 477**	13 682		
Loans repaid	**(25 284)**	(19 283)	**(286)**	
Current portion transferred to receivables	**(12 324)**	(9 691)		
Movement on provisions this year	**67**	(1 085)	**341**	
Exchange rate movement	**(34)**	64		
Balance at the end of the year	**84 200**	107 258	**219**	164
Maturity analysis (Gross long-term and current portion)				
Receivable within one year	**12 324**	9 691		
Receivable within two years	**13 098**	75 482		
Receivable within three years	**12 373**	13 151		
Receivable within four years	**11 793**	6 840		
Receivable within and later than five years	**46 868**	12 870	**219**	164
	96 456	118 034	**219**	164

	Group		Company	
	2020 R'000	2019 R'000	2020 R'000	2019 R'000
16. INTEREST IN SUBSIDIARIES, ASSOCIATE AND JOINT VENTURES				
Opening carrying amount of shares	**219 418**	219 418	**3 244 003**	3 310 402
Impairment of investment				(66 399)
Decrease in investment on deregistration of Stephen Rock Lobster Proprietary Limited			**(26)**	
Additional share capital acquired in Amawandle Pelagic Proprietary Limited			**133 872**	
Share of accumulated gains and losses and reserves since acquisition	**103 246**	82 637		
Total interest	**322 664**	302 055	**3 377 849**	3 244 003
Long-term amounts owing by	**54 959**	49 118	**54 959**	49 118
Provision for loans owing by	**(43 042)**	(26 940)	**(43 042)**	(26 940)
Reclassified to assets held for sale at carrying value (Note 12)	**(11 917)**		**(11 917)**	
Total long-term amounts owing by		22 178		22 178
Current amounts owing by			**968**	161 963
Current amounts owing to			**(2 338 225)**	(2 287 358)
Total current amounts owing			**(2 337 257)**	(2 103 217)

Long-term amounts owing by relates to USD denominated loans receivable net of impairment of USD0.7 million (2019: USD1.5 million) from Angolan joint ventures representing Oceana's long-term interest in these businesses. These loans have exhibited increased credit risk and therefore have been impaired by its estimated credit loss to its expected recoverable amount following the decision to exit the operations. Accordingly, the group's investment in Oceana Boa Pesca Limitada and its long term interests including the aforementioned loans have been reclassified to assets held for sale. The value of the investment, net of impairment is Nil (2019: Nil).

Loans to and from subsidiaries, associate and joint ventures are unsecured and payable on demand. Loans to and from wholly-owned South African subsidiaries are interest-free with the exception of when the company is required to fund subsidiary working capital requirements from available overdraft facilities in which event interest is charged at prevailing market rates. Interest rates on other loans are floating and approximate prevailing market rates.

Included in amounts owing to subsidiaries, associate and joint ventures for the company is a R1 581 million (2019: R1 549 million) loan from Lucky Star Limited. The company obtained a subordination agreement from Lucky Star Limited confirming its intention to continue providing financial and/or other support to Oceana Group Limited with a view to it being able to meet its liabilities as and when they fall due.

	Group	
	2020 R'000	2019 R'000
The trading results of the associate and joint venture companies whose results are equity-accounted in the consolidated financial statements are as follows:		
Revenue (100%)	**938 530**	822 919
Profit after taxation	**22 930**	8 902
Share of associate and joint venture companies profit (loss) before dividends received and other comprehensive income	**18 462**	(5 852)
Etosha Fisheries Holdings Company Proprietary Limited (joint venture)	**(442)**	(11 650)
Oceana Peche International Limited (joint venture)	**(220)**	(174)
Oceana Boa Pesca Limitada (joint venture)	**(212)**	(15 946)
Westbank Fishing Limited Liability Company (associate)	**19 336**	21 918
	18 462	(5 852)
Less: Dividends received	**(13 664)**	(21 108)
Share of associate and joint venture companies profit/(loss) before dividends received and other comprehensive income	**4 798**	(26 960)

Summarised financial information in respect of the group's associate and joint ventures is set out below. The summarised financial information represents amounts shown in the associate and joint venture's financial statements prepared in accordance with IFRS (adjusted by the group for equity-accounting purposes).

16. INTEREST IN SUBSIDIARIES, ASSOCIATE AND JOINT VENTURES *continued*

2020 **Associate and joint venture name**[4]	Etosha Fisheries Holding Company Proprietary Limited (joint venture) R'000	Oceana Peche International Limited (joint venture) R'000	Oceana Boa Pesca Limitada (joint venture) R'000	Westbank Fishing Limited Liability Company (associate) R'000	Mfv Romano Paulo Vessel Company Proprietary Limited (joint venture) R'000	Total R'000
Statements of Comprehensive Income						
Proportion of the group's ownership interest in the associate and joint ventures	44.9%	50.0%	50.0%	25.0%	35.0%	
Operating results (100%)						
Revenue	216 029		121	683 095	39 285	938 530
Operating profit/(loss)	2 215	(439)	(20 929)	45 097	20	25 964
Investment income	2 522				(20)	2 502
Interest expense	(5 558)		186			(5 372)
(Loss)/profit before taxation	(821)	(439)	(20 743)	45 097		23 094
Taxation expense	(164)					(164)
(Loss)/profit after taxation	(985)	(439)	(20 743)	45 097		22 930
Total comprehensive (loss)/income	(985)	(713)	(9 639)	131 143		119 806
Share of associate and joint venture companies (loss)/profit	(442)	(220)	(10 372)	11 275		241
Share of associate unrealised gains[1]				8 061		8 061
Reclassification to other operating items			10 160			10 160
Less: Dividends received from associate and joint ventures during the year				(13 664)		(13 664)
Total share of associate and joint venture companies (loss)/profit	(442)	(220)	(212)	5 672		4 798
The above profit/(loss) for the year include the following: Depreciation (100%)	27 816		1 009	53 140		81 965
Statements of financial position (100%)						
Current assets	220 621	747	745	341 459	18 352	581 924
Non-current assets	78 503		22 807	1 255 618	614	1 357 542
Current liabilities	133 129	3 581	20 794	202 094	13 463	373 061
Non-current liabilities	5 131		65 052	468 201	5 500	543 884
Net assets/(liabilities) of associate and joint ventures	160 864	(2 834)	(62 294)	926 782	3	1 022 521
Effect of hyperinflationary adjustments in prior years[2]			18 043			18 043
Applied to other long-term interests due from associate and joint ventures[3]		1 417	13 104			14 521
Carrying amount of group's interest in associate and joint ventures	72 228			250 435	1	322 664
The above amounts of assets and liabilities includes the following:						
Cash and cash equivalents	16 447	525	454	238 659	826	256 911
Bank overdraft	112 033					112 033
Non-current financial liabilities (excluding trade and other payables and provisions)	5		65 052	468 201		533 258
Current financial liabilities (excluding trade and other payables and provisions)	544	3 070	16 103			19 717

16. INTEREST IN SUBSIDIARIES, ASSOCIATE AND JOINT VENTURES *continued*

2019 **Associate and joint venture name**[4]	Etosha Fisheries Holding Company Proprietary Limited (joint venture) R'000	Oceana Peche International Limited (joint venture) R'000	Oceana Boa Pesca Limitada (joint venture) R'000	Westbank Fishing Limited Liability Company (associate) R'000	Mfv Romano Paulo Vessel Company Proprietary Limited (joint venture) R'000	Total R'000
Statements of Comprehensive Income						
Proportion of the group's ownership interest in the associate and joint ventures	44.9%	50.0%	50.0%	25.0%	35.0%	
Operating results (100%)						
Revenue	122 165		1 410	663 815	35 528	822 919
Operating (loss)/profit	(45 140)	(591)	(30 313)	70 486	(40)	(5 598)
Investment income	10 667	582			40	11 289
Interest expense	(8 906)	(339)	(1 578)			(10 823)
(Loss)/profit before taxation	(43 379)	(348)	(31 891)	70 486		(5 132)
Taxation credit	14 034					14 034
(Loss)/profit after taxation	(29 345)	(348)	(31 891)	70 486		8 902
Total comprehensive (loss)/income	(29 478)	(479)	(27 966)	50 646		(7 277)
Share of associate and joint venture companies (loss)/profit	(13 176)	(174)	(15 946)	17 622		(11 674)
Share of associate unrealised gains[1]	1 526			4 296		5 822
Less: Dividends received from associate and joint ventures during the year				(21 108)		(21 108)
Total share of associate and joint venture companies (loss)/profit	(11 650)	(174)	(15 946)	810		(26 960)
The above (loss)/profit for the year includes the following:						
Depreciation (100%)	2 804		7 615	59 405		69 824
Statements of financial position (100%)						
Current assets	253 296	478	1 800	321 157	27 296	604 027
Non-current assets	65 602		22 636	1 107 431	1 693	1 197 362
Current liabilities	155 227	2 599	24 775	141 788	23 486	347 875
Non-current liabilities	1 821		52 317	436 504	5 500	496 142
Net assets/(liabilities) of associate and joint ventures	161 850	(2 121)	(52 656)	850 296	3	957 372
Effect of hyperinflationary adjustments in prior years			18 043			18 043
Applied to other long-term interests due from associate and joint ventures		1 061	8 285			9 347
Carrying amount of group's interest in associate and joint ventures	72 731			229 323	1	302 055
The above amounts of assets and liabilities includes the following:						
Cash and cash equivalents	338	230	1 422	177 986		179 976
Bank overdraft	113 987					113 987
Non-current financial liabilities (excluding trade and other payables and provisions)	1 821			436 504		438 325

16. INTEREST IN SUBSIDIARIES, ASSOCIATE AND JOINT VENTURES *continued*

The results of Etosha Fisheries Holdings Company Proprietary Limited, Oceana Peche International, Mfv Romano Paulo Vessel Company Proprietary Limited, Oceana Boa Pesca Limitada and Westbank Fishing Limited Liability Company for the 12 months ended 30 September 2020 have been used in the preparation of these financial statements. These results represent the latest available financial information which have been subject to an audit by the associate and joint venture company auditors. With the exception of Westbank Fishing Limited Liability Company and Oceana Boa Pesca Limitada with 31 December financial year-ends, all other joint ventures have financial year-ends of 30 September. The Westbank Fishing Limited Liability Company year-end was determined by the majority shareholders and the Oceana Boa Pesca Limitada year-end was determined based on statutory requirements in Angola which require financial year-ends to align with the tax year-end.

During the current year, continued losses sustained by Oceana Pesche International and Oceana Boa Pesca Limitada resulted in the group's share of losses exceeding the carrying amount of the investment in both associate entities. Accordingly, these equity accounted losses in excess of the investments carrying amount have been applied to long-term interests with these associate entities in accordance with IAS 28: Investments in associates and joint ventures. The investment in Oceana Boa Pesca Limitada has been designated as held for sale in the current financial year, refer to Note 12 for details.

Westbank Fishing Limited Liability Company (LLC) is not a separate tax entity in terms of US Tax Law. All profits and losses of the LLC "pass through" the business to the members (LLC owners), who report this information on their respective individual tax returns. As Westbank Fishing LLC reports no taxation expense or provision, the associate profit is recognised on a pre-tax basis above.

During the 2018 financial year, Westbank Fishing LLC raised a term loan for USD30.7 million bearing interest at a rate of LIBOR plus applicable margin of 1.75% to 2.25% which varies with the leverage ratio at the pricing date. The loan is repayable in quarterly instalments with the final principal payment due on 13 April 2023 and is secured by a first-priority perfected security interest in substantially all the tangible and intangible assets of Westbank Fishing LLC and Makimry Patronus LLC. The balance of this loan at 30 September 2020 was USD27.5 million (2019: USD28.7 million).

During the 2018 financial year Westbank Fishing LLC loaned USD31.5 million to Makimry Patronus LLC bearing interest at the rate applicable to the term loan above with a final maturity date of 12 April 2033. The balance of this loan at 30 September 2020 was USD27.5 million (2019: USD28.7 million).

Details of subsidiary, associate and joint venture companies are set out in separate schedules on page 93 of these annual financial statements. Details of material subsidiaries with non-controlling interests are set out in Note 33.

Note:

[1] *Unrealised profit adjustment is recognised against inventory.*
[2] *Based on assessment by management in the current year, the Angolan operations are not considered to be subject to hyperinflation.*
[3] *Accumulated losses applied to long term interests for which settlement is neither planned nor likely.*
[4] *The primary activities of each entity are as follows:*

- *Etosha Fisheries Holding Company Proprietary Limited (joint venture) – Catching and processing of fish*
- *Oceana Peche International Limited (joint venture) – Dormant entity*
- *Oceana Boa Pesca Limitada (joint venture) – Dormant entity*
- *Westbank Fishing Limited Liability Company (associate) – Catching of fish*
- *Mfv Romano Paulo Vessel Company Proprietary Limited (joint venture) - Catching and processing of fish*

	Company	
	2020 R'000	2019 R'000
17. LOAN RECEIVABLE FROM OCEANA GROUP SHARE TRUST		
Interest-bearing at 6.25% per annum (2019: 7.50%)	**358**	399

The Oceana Group Share Trust was formed to finance the purchase of shares in the company by employees of the group.

The loans are secured by pledge of the shares purchased in terms of the scheme and are repayable within 10 years.

Interest is accrued at the repo rate plus 1%.

	Company	
	2020 R'000	2019 R'000
18. LOAN RECEIVABLE FROM OCEANA EMPOWERMENT TRUST		
Capital contribution	**46 732**	47 016

The capital contribution relates to funds provided by the company and participating South African subsidiary companies on formation of the Oceana Empowerment Trust.

The capital contribution plus a return of 7.46% will be repaid by the trust from dividends received from the company and from the proceeds of shares realised on behalf of qualifying employees after the 14-year lock-in period or on behalf of the beneficiaries of deceased qualifying employees.

The loan receivable has been reclassified from non-current assets to current assets in the year as Oceana Empowerment Trust's Lock-in period will expire in January 2021 and the trust will then commence with the windup process in terms of the trust deed.

	Group		Company	
	2020 R'000	2019 R'000	2020 R'000	2019 R'000

19. INVENTORIES

	2020 R'000	2019 R'000	2020 R'000	2019 R'000
Raw materials	**115 917**	152 397		
Finished goods	**1 381 378**	1 384 360		
Consumable stores and work-in-progress	**224 563**	329 871		
Inventory obsolescence provision	**(25 883)**	(13 921)		
Total	**1 695 975**	1 852 707		
Cost of sales comprising:				
Cost of raw materials	**3 413 223**	3 292 645		
Inventory movement	**57 612**	(165 488)		
Production costs	**1 867 233**	1 899 622		
Total	**5 338 068**	5 026 779		

Inventory written down and recognised as an expense during the year R6.0 million (2019: R29.6 million).

Finished goods include inventory held at net realisable value of Rnil (2019: Rnil).

	Group		Company	
	2020 R'000	2019 R'000	2020 R'000	2019 R'000

20. ACCOUNTS RECEIVABLE

	2020 R'000	2019 R'000	2020 R'000	2019 R'000
Net trade receivables	**887 193**	892 516	**6**	161
Gross trade receivables	**896 834**	899 116	**6**	161
Less: Allowance for credit notes[1]	**(2 298)**	(5 145)		
Less: expected credit losses on trade receivables	**(7 343)**	(1 455)		
Net short-term loans and advances	**14 331**	7 462		
Gross short-term loans and advances	**16 691**	7 482		
Less: expected credit losses on loans and advances	**(2 360)**	(20)		
Amount owing by foreign suppliers	**53 785**	10 907		
Value added taxation	**57 107**	71 245	**5 482**	3 593
Forward exchange revaluation asset	**8 169**	5 698		
Accrued income and other receivables	**143 986**	168 826	**45 590**	60 815
Prepayments	**107 327**	86 670	**9 580**	6 411
Total	**1 271 898**	1 243 324	**60 658**	70 980

[1] *Allowance for credit notes refers to an estimate made by the group, taking into account all known factors at year end, to determine the calculated estimated reduction in accounts receivable balances that will not be recoverable, due to an expected reduction in amounts invoiced because of facts and circumstances that had existed at year end. These include but are not limited to, customer returns due to unsatisfactory or damaged goods and services provided to customers and/or incorrect items/services being invoiced at incorrect price and quantities, or a cancellation in the sale or purchase agreement by either parties as permitted by contracts. This amount is recognised directly against accounts receivable balance. Based on historical practice the amount to be refunded to customers, is offset against the amounts owing by the customers on other goods and services provided to them, by the group. The majority of the group's customers are repeat customers and credit notes are insignificant in relation to the balance owing by suppliers. Customers settle their statements net of amounts refundable. The group assesses amounts owing to and by customers periodically and will reclassify the credit note allowance to accounts payable on a customer basis, if there are no sufficient accounts receivable balances owing by a particular customer and will then will refund the value to the customer.*

20. ACCOUNTS RECEIVABLE *continued*

	Group		Group	
	2020		2019	
Ageing of trade receivables provided for:	Expected credit loss rate	Expected credit loss R'000	Expected credit loss rate	Expected credit loss R'000
Within due date	**0.17%**	**816**	0.02%	130
30 days	**3.95%**	**3 209**	0.13%	51
60 days	**1.60%**	**198**	8.89%	360
90 days	**10.03%**	**107**	0.37%	4
120 days and over	**45.12%**	**3 013**	40.14%	910
		7 343		1 455

The group applied the simplified approach in calculating ECLs. Trade receivables are assessed collectively in groups that share similar credit risk characteristics. The group has established a provision matrix based on its historical credit loss experienced, adjusted for forward-looking factors specific to the debtors and economic environment.

The granting of credit is controlled by application and credit-vetting procedures which are reviewed and updated on an ongoing basis. Credit risk is reduced by other measures depending on the nature of the customer and market. Credit exposure relating to the domestic fast-moving consumer goods (FMCG) and retail market, other than JSE-listed and US domestic customers, is largely covered by credit guarantee insurance. Credit guarantee insurance cover (CGIC) will settle a percentage of the lower of the credit limit approved by CGIC or the amount outstanding at the bad debt date subject to certain criteria, including strict adherence to CGIC procedures in the event of a customer paying after payment due date. Cold storage trade receivables are covered by a lien over customers' product held in storage. Individual customer default risks as well as country risks are closely monitored and provisions adjusted accordingly.

Amounts owing by foreign suppliers arise from the sale of raw materials, sourced by the group, to foreign suppliers for processing into finished goods. Individual customer/supplier default risks as well as country risks are closely monitored.

In determining the recoverability of trade receivables and amounts owing by foreign suppliers, management considers any change in the credit quality of the account from the date credit was initially granted up to the reporting date, taking into account credit guarantee cover, lien over customers' product or other collateral held. Based on management's assessment, foreign trade receivables were considered recoverable and no expected credit loss was raised in the current year.

	Group	
	2020 R'000	2019 R'000
Movement in provisions for irrecoverable trade receivables		
Balance at the beginning of the year	**1 455**	9 351
Expected credit loss allowance	**(518)**	
Impairment losses recognised/(reversed)	**6 406**	(7 896)
Balance at the end of the year	**7 343**	1 455
Concentration of credit risk in trade receivables		
By geographical region		
South Africa and Namibia	**442 829**	472 389
Other Africa	**29 275**	29 973
Europe	**202 828**	250 493
America[2]	**176 421**	120 404
Far East and other[2]	**35 840**	19 257
Trade receivables	**887 193**	892 516
By customer sector		
SA domestic FMCG, wholesale, retail (JSE-listed or insured)	**561 718**	469 146
USA Domestic FMCG, wholesale, retail	**195 672**	306 197
Cold storage (secured by lien)	**41 438**	46 664
Exports on letter of credit/cash with documents	**80 084**	67 665
Open account	**8 281**	2 844
Trade receivables	**887 193**	892 516

20. ACCOUNTS RECEIVABLE *continued*

	Group	
	2020 R'000	2019 R'000
By segment		
Canned fish and fishmeal (Africa)	**520 290**	420 886
Fishmeal and fish oil (USA)	**217 982**	315 434
Horse mackerel, hake, lobster and squid	**107 483**	109 532
Commercial cold storage and logistics	**41 438**	46 664
Trade receivables	**887 193**	892 516
Movement in provisions for irrecoverable loans and advances		
Balance at the beginning of the year	**20**	682
Impairment losses recognised/(reversed)	**2 340**	(662)
Balance at the end of the year	**2 360**	20

[2] *In the current and prior financial year, the Far East and other category for concentration of credit risk by geographic area has been further disaggregated to separately disclose the trade receivable for America.*

Short-term loans and advances are provided to joint venture partners and quota holders to assist in acquiring fishing vessels or to provide working capital. Interest is charged at rates which vary between the prime interest rate charged by banks and prime plus 2%.

Provisions are raised for all trade receivables and short-term loans and advances which are considered irrecoverable. The carrying value of accounts receivable approximates their fair value.

Trade accounts receivable consist of a large, widespread customer base with no concentration of credit risk. Group companies and treasury monitor the financial position of customers on an ongoing basis. Creditworthiness of trade receivables is assessed when credit is first extended and is reviewed regularly thereafter. The granting of credit is controlled by the application of account limits. Where considered appropriate, use is made of credit guarantee insurance.

Management also considers the factors that may influence the credit risk of its customer base, including the default risk of the industry and country in which its customers operate.

Customer credit risk is managed by each business unit subject to the group's established policy, procedures and control relating to customer credit risk management.

Outstanding receivables are regularly monitored and any shipments to export customers are generally covered by letters of credit or other forms of credit insurance obtained from reputable banks and other financial institutions or sold on a cash against documents basis (cash against documents is a type of transaction in which the title for purchased goods is released to the buyer after the total sale price is paid using cash).

There is no significant concentration of risk in respect of any particular customer or industry segment. There is no single customer whose balance exceeds 10% of the group's total trade receivables (2019: one customer, Mowi Feeds AS).

At 30 September 2020, the group has assessed the expected credit losses for trade receivables, loans and advances, amounts owing by foreign suppliers and other receivables, factoring in the financial uncertainty arising from Covid-19 pandemic management have increased the expected loss rates for trade receivables and loans and advances based on their assessment of the level of exposure. However, due to strict cash management measures during these uncertain times, the group was able to reduce trade receivables as well as improve the ageing profile of trade receivables. The group has also determined that no credit impairment is required for amounts owing by foreign suppliers.

In addition, certain individual customers were identified as credit impaired which resulted in a specific expected credit allowance being recognised.

	Group		Company	
	2020 R'000	2019 R'000	2020 R'000	2019 R'000
21. ORDINARY STATED CAPITAL				
21.1 AUTHORISED STATED CAPITAL				
300 000 000 shares of no par value (2019: 300 000 000 shares of no par value)				

21. ORDINARY STATED CAPITAL *continued*

	Group 2020 R'000	Group 2019 R'000	Company 2020 R'000	Company 2019 R'000
21.2 STATED CAPITAL				
130 431 804 (2019: 135 526 154)				
Opening balance stated capital	**1 193 473**	1 189 482	**1 307 604**	1 304 948
Add: Oceana Empowerment Trust shares sold on death of trust beneficiaries	**1 105**	1 335		
Less: Treasury shares repurchased by Lucky Star Limited in the open market[1]	**(710)**			
Less: Treasury shares repurchased from Lucky Star Limited and cancelled[2]			**(24 677)**	
Transfer from share-based payment reserve	**6 625**	2 656	**6 625**	2 656
Balance at the end of the year	**1 200 493**	1 193 473	**1 289 552**	1 307 604

1. *288 400 shares were repurchased on the open market by Lucky Star Limited for the purposes of the group's forfeitable share plan allocation. The shares were acquired at an average price of R58.32 per share.*
2. *The company repurchased 5 094 350 shares of no par value as announced on the JSE Limited's Stock Exchange News Service on 30 March 2020. The subsequent delisting and cancellation of the 5 094 350 ordinary shares, as approved by the JSE Limited, was effected on 30 March 2020.*
3. *Included in the total number of ordinary shares outstanding above are 13 380 306 (2019: 13 452 839) ordinary shares held by the Group's Black Economic Empowerment (BBBEE) scheme, Oceana Empowerment Trust (Note 31). The shares are held specifically for the purposes of the BBBEE scheme as set out in the trust deed. The participation rights of employee beneficiaries in the Oceana Empowerment Trust represent restricted equity instruments given that employee beneficiaries cannot freely dispose of any participation rights until the expiration of the lock-in period.*

	Group 2020 Number of shares	Group 2019 Number of shares	Company 2020 Number of shares	Company 2019 Number of shares
21.3 TREASURY SHARES COMPRISE SHARES HELD BY:				
Oceana Empowerment Trust (OET)	**13 380 306**	13 452 839		
Lucky Star Limited	**288 400**	5 094 350		
Oceana Group Share Trust	**16 500**	16 500		
	13 685 206	18 563 689		
Opening balance	**18 563 689**	18 651 239		
Treasury shares held by OET sold on death of trust beneficiaries	**(72 533)**	(87 550)		
Treasury shares repurchased from Lucky Star Limited and cancelled	**(5 094 350)**			
Treasury shares repurchased by Lucky Star Limited in the open market	**288 400**			
Closing balance	**13 685 206**	18 563 689		
21.4 UNISSUED SHARES				
Authorised	**300 000 000**	300 000 000	**300 000 000**	300 000 000
Issued	**(130 431 804)**	(135 526 154)	**(130 431 804)**	(135 526 154)
Unissued	**169 568 196**	164 473 846	**169 568 196**	164 473 846

The unissued ordinary shares are under the control of the directors who may issue them on such terms and conditions as they deem fit until the company's next annual general meeting.

Refer to Note 21.2 where the repurchases and sales of treasury shares have been detailed.

	Group 2020 R'000	Group 2019 R'000
22. HEDGING RESERVE		
22.1 CASH FLOW HEDGING RESERVE		
Balance at the beginning of the year	**(15 671)**	6 884
Movement on the cash flow hedge reserve	**(60 552)**	(22 555)
Loss recognised on cash flow hedges	**(79 533)**	(17 199)
Transferred from/(to) profit or loss	**5 845**	(6 554)
Transferred to initial carrying amount of hedged item	**4 048**	(198)
Movement on hedge reserve from associate	**(2 120)**	(3 880)
Income tax related to loss recognised in equity	**12 330**	4 449
Income tax related to amounts transferred to profit or loss	**(1 122)**	827
Balance at the end of the year	**(76 223)**	(15 671)

Gains or losses arising on changes in fair value of forward exchange contracts and interest rate swaps and caps which have been designated as cash flow hedges, are transferred from equity into profit or loss in the same period that the hedge cash flows affect profit or loss. The gains or losses on forward exchange contracts are included in cost of sales in the statement of comprehensive income and cash flows associated with these hedges are expected to occur and affect profit or loss within one year. Gains and losses on interest rate swaps and caps are included in overheads.

	Group 2020 R'000	Group 2019 R'000
23. LONG-TERM LOAN		
Non-current		
Opening balance	**3 298 904**	3 339 750
Net loans (repaid)/raised[1]	**(44 610)**	172 658
Transaction costs capitalised	**(386)**	(15 838)
Transaction costs amortised to profit or loss	**8 717**	9 100
Exchange difference	**203 380**	103 824
Transferred to current liabilities	**(396 667)**	(310 590)
Closing balance	**3 069 338**	3 298 904
Current		
Opening balance	**351 258**	427 351
Capital repaid	**(365 583)**	(392 782)
Interest paid	**(6 214)**	(328)
Exchange difference	**7 560**	6 427
Transferred from non-current liabilities	**396 667**	310 590
Closing balance	**383 688**	351 258

The South African Rand-denominated term loans of R1 533.1 million (2019: R1 874.8 million) bear interest at a rate of JIBAR plus margin of 1.7% to 2.2% and are repayable through a combination of semi-annual consecutive instalments and single instalments with the final principal payment due on 20 July 2023. During the 2018 financial year a R1 420.0 million term facility was refinanced in terms of which R500.0 million was restructured as an amortisation payment facility maturing on 20 July 2023, R738.0 million was restructured as a bullet payment facility maturing on 20 July 2022 and R182.0 million as a bullet payment facility maturing on 20 July 2021. The loans are secured by intercompany, cross guarantees and indemnities provided by Oceana Group Limited, Lucky Star Limited, Blue Continent Products Proprietary Limited, Commercial Cold Storage (Namibia) Proprietary Limited, Erongo Marine Enterprises Proprietary Limited, Amawandle Pelagic Proprietary Limited and Amawandle Hake Proprietary Limited. Guarantees are disclosed in Note 34.

The US dollar-denominated term loan of R1 919.9 million (2019: R1 775.4) bears interest at a rate of LIBOR plus applicable margin of 3.0% (2019: 2.75%) which varies with the total leverage ratio at the pricing date. During the 2019 financial year the term facility was refinanced and increased to USD118 million. The facility was structured as an amortisation payment facility repayable in quarterly instalments with the final payment due on 30 September 2024. The loan is secured by a first-priority perfected security interest in substantially all of the tangible and intangible assets of the Oceana US Holdings Incorporated, Daybrook Investors Incorporated, Daybrook Holdings Incorporated and Daybrook Fisheries Incorporated.

[1] *Net loan settled during the current year, was settled through a right of set-off.*

23. LONG-TERM LOAN *continued*

	Group 2020 R'000	Group 2019 R'000
Maturity analysis (long-term and current portion)		
Due within one year	**383 688**	351 258
Due within two years	**1 281 015**	381 173
Due within three years	**243 308**	1 271 803
Due within four years	**1 545 015**	235 598
Due within and later than five years		1 410 330
	3 453 026	3 650 162

24. LEASE LIABILITIES

	Group 2020 R'000 Leasehold Land and buildings	Company 2020 R'000 Leasehold Land and buildings
2020		
IFRS 16 transitional adjustment at 1 October 2019	**265 569**	**60 815**
Current year movement		
New leases contracted into during the year	**24 082**	
Interest	**23 570**	**5 453**
Lease payments	**(62 386)**	**(10 337)**
Lease liability reassessments/modifications[1]	**(1 457)**	
Foreign exchange differences	**85**	
Balance at 30 September 2020	**249 463**	**55 931**

	Group 2020	Company 2020
Lease liabilities		
Maturity analysis		
Due within one year	**69 389**	**11 061**
Due within two years	**58 267**	**11 835**
Due within three years	**57 979**	**12 664**
Due within four years	**45 860**	**13 550**
Due within and later than five years	**208 945**	**25 933**
Total minimum lease payments	**440 440**	**75 043**
***Less:* Unearned interest**	**(190 977)**	**(19 112)**
Present value of lease liability	**249 463**	**55 931**
Analysed as follows:	**249 463**	**55 931**
Non-current	**204 457**	**49 886**
Current	**45 006**	**6 045**

[1] *Lease amendments such extension of lease terms were treated as lease modifications. The impact of the modifications were immaterial. No significant amendments to leases were experienced by the group as a result of the Covid-19 pandemic.*

24. LEASE LIABILITIES *continued*

	Group 2020	Company 2020
The term varies for each lease entered into the group with lease periods falling into the following range:		
Weighted average lease term at inception of lease contracts in years	**19**	**15**
Weighted average lease term remaining at 30 September 2020 in years	**11**	**6**
Incremental borrowing rate based on where funding is sourced (at transition date):		
South Africa	**9.0%**	**9.0%**
USA	**5.5%**	
Incremental borrowing rate based on where funding is sourced (new leases post transition date):		
South Africa and Namibia	**9.0%**	
USA	**4.7%**	

Balances denominated in currencies other than South African Rand were converted at the closing rates of exchange ruling at 30 September 2020. The leases are generally subject to escalation clauses and also have renewal options. Operating lease agreements have been negotiated at market-related terms and rates with numerous suppliers.

	Group 2020 R'000	Group 2019 R'000
25. DERIVATIVE LIABILITIES		
Non-current		
Opening balance	**10 320**	
Loss recognised in other comprehensive income	**74 642**	7 803
Transferred (to)/from profit and loss	**(118)**	203
Reclassified from derivative asset		2 102
Foreign currency translation adjustment	**877**	212
Closing balance	**85 721**	10 320
Interest rate caps		118
Interest rate swaps	**85 721**	10 202

Interest rate caps were executed in 2016 with a maturity date of 20 July 2020. The interest rate caps were designated as cash flow hedges and executed to hedge interest payable under various South African debt facilities. The designated hedged item with a principal value of R267 million (2019: R390 million) was early settled on 31 December 2019 resulting in the discharge of the interest rate cap.

In May 2019, interest rate swaps on South African debt were executed with a maturity date of 20 July 2021 and 20 July 2022. This comprises term debt of R482 million at a swap rate of between 7.050% and 7.094%.

Interest rate swaps were executed in 2018 with a maturity date of 22 July 2020 at a swap fixed rate of 2.175%. The interest rate swaps were designated cash flow hedges and executed to hedge interest payable under US debt facilities. The designated hedged item with a principal value of R1 819 million (2019: R1 712 million) matured on 22 July 2020. The interest rate swap was reclassified from derivative assets during the prior year.

Further interest rate swaps were executed to hedge interest payable under US debt facilities on the 4 October 2019 and 29 April 2020 respectively with a maturity date of 27 September 2024. This comprises term debt of R1 919 million at a swap rate of between 0.349% and 1.437%.

Gains and losses on the interest rate swaps held as a hedging instrument in a designated and effective hedging relationship are recognised in other comprehensive income and are reclassified in the same period that the hedged cash flows affect profit or loss. During the year a fair value loss of R74.6 million (2019: loss R7.8 million) was recognised in other comprehensive income.

	Group		Company	
	2020 R'000	2019 R'000	2020 R'000	2019 R'000
26. ACCOUNTS PAYABLE				
Trade payables	**980 717**	907 422	**29 706**	39 799
Payroll-related accruals	**83 557**	73 028		
Leave pay accrual	**35 911**	36 159	**5 903**	5 319
Bonus accrual	**167 803**	61 896	**34 027**	13 259
Lease accrual		5 047		2 205
Short-term loans and advances	**13 418**	11 722		
Value added taxation payable	**4 161**	7 290		
Agency disbursements	**8 180**	4 184		
Rebates and incentives	**59 401**	51 307		
Accrued expenses	**226 837**	212 068	**9 357**	24 075
Audit fee accrued	**8 905**	8 277	**3 727**	3 217
Credit balances in debtors	**16 578**	11 604		
Agterskot and quota fee accrual	**65 298**	47 725		
Other payables	**9 335**	6 768		
	1 680 101	1 444 497	**82 720**	87 874

No interest is charged on trade payables. The group has financial risk management processes to ensure that all payables are paid within the credit time-frame. The carrying value of current accounts payable approximates their fair value.

Short-term loans and advances consist of secured and unsecured loans, and bear interest ranging from 7.0% to 10.0% (2019: 6.25% to 11.25%), which are repayable within one year.

Daybrook Fisheries Incorporated ("Daybrook") received USD1.2 million (net of legal costs) in the year, following a Federal Court settlement in relation to Daybrook's 2006 Deepwater Horizen oil spill law suit. In terms of the 2015 stock purchase agreement entered into with the selling Daybrook stockholders, all risks and rewards relating to the Deepwater Horizen oil spill law suit were excluded from the transaction and the purchase consideration. The settlement proceeds received from Transocean, net of any taxation and legal costs, are accordingly due and payable to the Stockholder Representative on behalf of the selling shareholders. At 30 September 2020, these restricted funds (R20.4 million) were held in cash and cash equivalents with a corresponding liability in accounts payable as the funds had not yet been remitted to the Stockholder Representative. The funds were settled in full to the Stockholder Representative on 12 November 2020.

Prior year comparatives have been further disaggregated to enhance disclosure of material items in the current year for the group and company.

	Group		Company	
	2020 R'000	2019 R'000	2020 R'000	2019 R'000
27. PROVISIONS				
Customer claims				
Balance at the beginning of the year	**2 890**	3 608		
Charge/(reversal) to operating profit	**2 434**	(445)		
Utilised during the year	**(1 122)**	(273)		
Balance at the end of the year	**4 202**	2 890		
***Ex gratia* retirement provision**				
Balance at the beginning of the year	**2 268**	3 429		
Charge/(reversal) to operating profit	**822**	(1 059)	**704**	
Transferred to accruals	**(242)**		**(242)**	
Utilised during the year	**(29)**	(102)		
Balance at the end of the year	**2 819**	2 268	**462**	
Non-qualified deferred compensation benefits				
Balance at the beginning of the year	**24 129**	37 638		
Charge to operating profit	**1 146**	8		
Utilised during the year	**(5 837)**	(15 484)		
Foreign currency translation reserve	**2 851**	1 967		
Balance at the end of the year	**22 289**	24 129		
Crew bonuses				
Balance at the beginning of the year	**6 718**	4 998		
Charge to operating profit	**9 033**	2 316		
Utilised during the year	**(8 574)**	(596)		
Balance at the end of the year	**7 177**	6 718		

27. PROVISIONS *continued*

	Group		Company	
	2020 R'000	2019 R'000	2020 R'000	2019 R'000
Provision for penalties				
Balance at the beginning of the year				
Charge to operating profit	**712**			
Utilised during the year				
Balance at the end of the year	**712**			
Total				
Balance at the beginning of the year	**36 005**	49 673		
Charged to operating profit	**14 147**	820	**704**	
Transferred to accruals	**(242)**		**(242)**	
Utilised during the year	**(15 562)**	(16 455)		
Foreign currency translation reserve	**2 851**	1 967		
Balance at the end of the year	**37 199**	36 005	**462**	

Customer claims

Customer claims provision relates largely to claims lodged against the Commercial Cold Storage Division, pertaining to stock losses incurred by customers, while stock was being stored or handled in cold storage facilities or being transported by the division.

***Ex gratia* retirement provision**

The *ex gratia* retirement provision is calculated in respect of employees who were not members of the Oceana Pension or Provident funds before 1 January 1993. The provision is estimated based on employee's current annual salary and the number of years' service prior to 1 January 1993 and unwinds as employees claim their retirement benefits on death or retirement.

Non-qualified deferred compensation benefits

Daybrook Fisheries Incorporated, maintains a non-qualified deferred compensation plan to provide supplemental executive compensation benefits to key employees who are selected by management to participate in the plan. The annual contribution is determined solely by the Remuneration Committee and the plan is compliant with section 409(a) of the US Internal Revenue Code.

Crew bonuses

The provision for crew bonuses relates to discretionary bonuses paid to vessel crew and is estimated based on targeted catch volumes per vessel. Outflows of economic benefits will arise on payment of the bonus.

28. COMMITMENTS

28.1 CAPITAL COMMITMENTS

	Group		Company	
	2020 R'000	2019 R'000	2020 R'000	2019 R'000
Budgeted capital expenditure is as follows:				
Contracted	**101 651**	26 822	**7 419**	2 685
Not contracted	**346 442**	348 649	**30 864**	11 115
Total	**448 093**	375 471	**38 283**	13 800

Capital expenditure will be financed from the group's and company's cash resources and short-term borrowing facilities. Budgeted capital commitments for the 2021 financial year includes R105.2 million (2019: R85.5 million) for group and company's expansion projects.

28.2 OPERATING LEASE COMMITMENTS

	Group	Company
	2019 R'000	2019 R'000
The future minimum lease payments under operating leases are as follows:		
Not later than one year	76 631	4 823
Later than one year but not later than five years	151 551	22 912
Later than five years	75 617	12 099
Total	303 799	39 834

In the prior year material operating leases related to leases of land and buildings with lease terms between 5 and 25 years. Rentals comprised minimum monthly payments and escalations varied between 6.0% and 9.0%. Operating lease charges were recognised in the statement of comprehensive income in the prior year. In the current financial year, IFRS 16 has been adopted, refer to Note 11 for disclosure regarding leased assets and liabilities and Note 24 for disclosure of low value and short term leases.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS continued

FOR THE YEAR ENDED 30 SEPTEMBER 2020

29. CASH FLOW INFORMATION

		Group		Company	
		2020 R'000	2019 R'000	2020 R'000	2019 R'000
29.1	**CASH OPERATING PROFIT**				
	Operating profit before associate and joint venture profit/(loss) and other operating items	**1 363 817**	1 181 177	**705 866**	268 783
	Adjustment for non-cash and other items	**291 707**	203 640	**33 425**	17 507
	Depreciation and amortisation	**262 754**	210 393	**19 372**	14 484
	Share-based payment expense (equity settled)	**18 609**	10 891	**7 502**	3 980
	Share based payment expense (cash settled)	**8 507**	(2 693)	**1 004**	(957)
	Net loss on disposal of property, plant and equipment		263		
	Net loss on disposal of intangible assets	**2 450**		**2 450**	
	Cash-settled deferred compensation payments	**(5 835)**	(15 484)		
	Other comprehensive income recycled to profit or loss	**1 950**	270		
	Gain on write-off of loan payable relating to deregistration of subsidiary			**(175)**	
	Unrealised foreign exchange gains and losses	**3 272**		**3 272**	
	Total cash operating profit	**1 655 524**	1 384 817	**739 291**	286 290
29.2	**WORKING CAPITAL CHANGES**				
	Decrease/(increase) in inventories	**216 697**	(348 704)		
	Decrease/(increase) in accounts receivable	**25 189**	243 795	**10 322**	(9 008)
	Increase/(decrease) in accounts payable and provisions	**187 487**	(240 934)	**(2 225)**	6 963
	(Decrease)/increase in hedging reserve	**(2 266)**	3 552		
	Total working capital changes	**427 107**	(342 291)	**8 097**	(2 045)
29.3	**TAXATION PAID**				
	Net amount overpaid/(unpaid) at the beginning of the year	**67 251**	9 703	**(204)**	(142)
	Charged to profit or loss (Note 7)	**(321 698)**	(208 586)	**(16 591)**	(8 109)
	Foreign currency translation reserve	**6 281**	3 421		
	Net amount (overpaid)/unpaid at the end of the year	**13 097**	(67 251)	**91**	204
	Cash amounts paid	**(235 069)**	(262 713)	**(16 704)**	(8 047)
29.4	**DIVIDEND PAID**				
	Oceana Empowerment Trust dividend distribution	**(21 312)**	(27 685)		
	Dividends	**(397 457)**	(499 155)	**(455 693)**	(578 697)
	Dividends paid to non-controlling interests	**(23 664)**	(16 937)		
	Cash amounts paid	**(442 433)**	(543 777)	**(455 693)**	(578 697)
29.5	**DISPOSAL OF BUSINESS**				
	V&A Cold Storage (CCS)				
	The group disposed of the V&A cold store assets within the commercial cold storage logistics segment on 11 January 2019 and 28 February 2019				
	Assets disposed:				
	Property, plant and equipment		8 270		
	Release of goodwill		10 000		
			18 270		
	Proceeds received		17 500		
	Net loss on disposal of assets		(770)		

29. CASH FLOW INFORMATION *continued*

	Group 2020 R'000	Group 2019 R'000	Company 2020 R'000	Company 2019 R'000
29.6 PROFIT ON DISPOSAL OF PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS				
Significant disposals of property, plant and equipment and intangible assets during the year include:				
Profit on sale of property, plant and equipment				
Proceeds on disposal of property, plant and equipment[1]	**18 497**			
Net book value of property, plant and equipment disposed[1]	**(6 991)**			
Profit on disposal of property, plant and equipment	**11 506**			

[1] *Included in the group profit on sale of property, plant and equipment is an amount for the sale of land and buildings surplus to the group's operating requirements relating to the Houtbay fishmeal plant for the value of R11.8 million.*

	Group 2020 R'000	Group 2019 R'000	Company 2020 R'000	Company 2019 R'000
Profit on disposal of intangible assets				
Proceeds on disposal of intangible assets[2]	**30 114**			
Net book value of intangible assets disposed[2]	**(10 457)**		**(2 450)**	
Profit on disposal of intangible assets	**19 657**		**(2 450)**	

[2] *Included in the group profit on sale of intangible assets is an amount for the sale of the Glenryck UK trademark for the value of R22.1 million.*

	Group 2020 R'000	Group 2019 R'000	Company 2020 R'000	Company 2019 R'000
29.7 NET CASH AND CASH EQUIVALENTS				
Cash and cash equivalents	**1 212 697**	588 036	**276 692**	36 296

R20.4 million (USD1.2 million) restricted cash was held in cash and cash equivalents relating to the Transocean settlement proceeds received.

	Group 2020 Number of employees	Group 2019 Number of employees	Company 2020 Number of employees	Company 2019 Number of employees
30. NUMBER OF EMPLOYEES				
Permanent employees at year-end	**2 886**	3 036	**108**	109

	Group 2020 R'000	Group 2019 R'000	Company 2020 R'000	Company 2019 R'000
31. SHARE-BASED PAYMENT PLANS				
Equity-settled compensation schemes				
Black economic empowerment (BEE) scheme (31.1)	**68 723**	68 723	**10 330**	10 330
Performance shares compensation scheme (31.2)	**13 855**	12 522	**5 416**	4 469
Restricted shares compensation scheme (31.3)	**16 488**	12 161	**7 890**	4 195
Share-based payment reserve	**99 066**	93 406	**23 636**	18 994
Cash-settled compensation schemes				
Phantom compensation scheme (31.5)		230		202
Share appreciation rights compensation scheme (31.6)	**7 919**	5 814	**3 352**	2 147
Liability for share-based payments	**7 919**	6 044	**3 352**	2 349

31. SHARE-BASED PAYMENT PLANS *continued*

31.1 BLACK ECONOMIC EMPOWERMENT (BEE) SCHEME – OCEANA EMPOWERMENT TRUST

Oceana Empowerment Trust acquired 14 380 465 Oceana shares at a cost of R15.21 per share in 2006 as part of the group's BEE transaction. Rights to acquire these shares are allocated to qualifying black employees by the trustees of the trust. Provided the employee remains in service, the rights vest in three tranches, one third after a period of three years from the date of allocation, a further third after four years and the final third after five years. After vesting the employee acquires a right to take up the share, but will only take transfer of the share after a lock-in period of 14 years from the date of the initial allocation. The lock-in period was extended in 2014 by a further four years as a result of a once-off cash distribution of R20.50 per right held by employee beneficiaries, which was funded by the corporate beneficiaries as disclosed in Note 18. Earlier vesting and transfer of benefits is allowed in the event of the death of the employee. Rights not exercised will be available for future allocation to other qualifying employees.

The first allocation of rights was made on 15 January 2007, followed by a second allocation on 1 May 2010 and a third allocation on 1 September 2013. All allocations were at a grant date price of R15.21 per share. The second allocation was made to new eligible employees, who had joined the group since 15 January 2007, and as a top-up to employees who received rights in the first allocation. The third allocation was made to new eligible employees who had not participated in the first or second allocations and as a top-up to certain employees who had been promoted since the second allocation was made. The number of allocated rights has reduced in terms of the scheme rules due to retrenchments, resignations and dismissals.

During the year 72 533 rights (2019: 87 550) were realised on behalf of beneficiaries of deceased employees.

The fair value of equity-settled share rights is estimated as at the grant date using the Black-Scholes Option Pricing Model, taking into account the terms and conditions upon which the rights were granted.

The share-based payment expense relating to Oceana Empowerment Trust rights is disclosed in Note 2. During the current year no expense was raised due to the full amount being provided for in prior periods.

The Oceana Empowerment Trust lock-in period will expire in January 2021 and the trust will then commence with its winding up process in line with the trust deed.

31.2 EQUITY-SETTLED (PERFORMANCE SHARES) COMPENSATION SCHEME

Performance shares are granted to executive and senior managers by the board on the recommendation of the Remuneration and Nominations Committee in terms of the Oceana share incentive plan which was implemented in 2014. The exercise price of the options is equal to the 30-day volume weighted average prices (VWAP) of the shares prior to the date of grant. Performance shares will vest on the third anniversary of their grant, to the extent that the company has met specified performance criteria, linked to the company's comparative total shareholder return in relation to a comparator group, over the intervening period. Options are settled in shares. Options that have not been exercised in accordance with the rules of the scheme are forfeited upon termination of employment, other than on death, retrenchment, retirement or other no fault terminations.

The fair value of equity-settled share options is estimated as at the grant date using the Black-Scholes Option Pricing Model, taking into account the dividend cover and terms and conditions upon which the options were granted.

The following table illustrates the number and VWAP and movements in share options during the year:

	Group			
	2020		2019	
	Number of share options	Weighted average grant price at award (Rand)	Number of share options	Weighted average grant price at award (Rand)
Outstanding at the beginning of the year	**287 000**	**83.28**	199 700	99.64
Granted during the year	**197 398**	**59.73**	162 000	73.45
Forfeited during the year	**56 818**	**85.98**	59 905	104.38
Exercised during the year	**32 682**	**115.01**	14 795	111.10
Outstanding at the end of the year	**394 898**	**68.49**	287 000	83.28

Notes:

[1] *39 237 options (2019: 26300 options) were forfeited due to employee resignations. 17 581 options (2019: 33 605) were forfeited due to performance condition not having being achieved.*

[2] *A TSR multiplier of 62.5% (2019:31.18% Grant 3A) was applied for Grant 4A and 5A options settled due to Oceana being placed between the mid- and lower-quartile of the comparable group.*

[3] *Grant 4A and 5A options vested on 15 February 2020 as the specified performance criteria over the intervening period were achieved. The weighted average share price on settlement was R62.21 (2019: R74.93) per share.*

[4] *TSR is defined as the increase in the market value of a portfolio of shares on the assumption that dividends are reinvested.*

The weighted average remaining contractual life for the share options outstanding as at 30 September 2020 is 1.7 years (2019: 1.6 years).

31. SHARE-BASED PAYMENTS PLANS *continued*

The range of exercise prices for the options outstanding at the end of the year is as follows:

	Grant number	2020 Number of share options	2019 Number of share options
R116.81 per share exercisable until 14 February 2020	4A		48 900
R82.27 per share exercisable until 14 February 2021	5A	**76 100**	79 500
R73.79 per share exercisable until 12 February 2022	6A	**124 100**	126 100
R72.11 per share exercisable until 20 June 2022	6B		32 500
R59.78 per share exercisable until 01 March 2023	7A	**185 500**	
R58.71 per share exercisable until 30 June 2023	7B	**9 198**	
		394 898	287 000

31.3 EQUITY-SETTLED (RESTRICTED SHARES) COMPENSATION SCHEME

Restricted shares are granted to executive and senior managers by the board on the recommendation of the Remuneration and Nominations Committee in terms of the Oceana share incentive plan which was implemented in 2014. Restricted shares granted will be linked to the annual cash bonus scheme, in one of, or a combination of, a bonus match or a deferred bonus. The exercise price of the options is equal to the 30-day VWAP of the shares prior to the date of grant. Restricted shares will vest on the third anniversary of their grant. Options are settled in shares. Options that have not been exercised in accordance with the rules of the scheme are forfeited upon termination of employment, other than on death, retrenchment, retirement or other no fault terminations.

The fair value of equity-settled share options is estimated as at the grant date using the Black-Scholes Option Pricing Model, taking into account the dividend cover and terms and conditions upon which the options were granted.

The following table illustrates the number and VWAP and movements in share options during the year:

	Group			
	2020		2019	
	Number of share options	Weighted average grant price at award (Rand)	Number of share options	Weighted average grant price at award (Rand)
Outstanding at the beginning of the year	**548 014**	**77.46**	88 731	107.85
Granted during the year	**116 843**	**67.72**	520 181	74.64
Forfeited during the year	**38 132**	**73.45**	20 198	83.70
Exercised during the year	**40 274**	**111.77**	40 700	104.67
Outstanding at the end of the year	**586 451**	**75.06**	548 014	77.46

Notes:

[1] Grant 4A options vested on 15 November 2019 and the weighted average share price on settlement was R63.55 (2019 :R91.91) per share.

[2] 38 132 options (2019: 20 198 options) were forfeited due to employee resignations.

The weighted average remaining contractual life for the share options outstanding as at 30 September 2020 is 1.6 years (2019: 2.3 years).

31. SHARE-BASED PAYMENT PLANS *continued*

31.3 EQUITY-SETTLED (RESTRICTED SHARES) COMPENSATION SCHEME CONTINUED

The range of exercise prices for the options outstanding at the end of the year is as follows:

	Grant number	2020 Number of share options	2019 Number of share options
R111.77 per share exercisable until 15 November 2019	4A		40 274
R88.18 per share exercisable until 15 November 2020	5A	**2 488**	2 488
R85,20 per share exercisable until 13 November 2021	6A	**82 000**	84 300
R75.00 per share exercisable until 7 May 2022	6B	**387 720**	398 452
R72.11 per share exercisable until 20 June 2022	6C		22 500
R68.26 per share exercisable until 12 November 2022	7A	**107 600**	
R58.71 per share exercisable until 30 June 2023	7B	**6 643**	
		586 451	548 014

31.4 EQUITY-SETTLED (RESTRICTED SHARES ELECTIVE DEFERRAL) COMPENSATION SCHEME

The executive directors are offered on an annual basis the opportunity to elect to defer a portion of their potential short-term incentive pay (25%, 33% or 50%) to acquire into additional restricted shares at the 30-day VWAP of the shares prior to the date of grant. A matching award (consisting of an equal number of Oceana Group Limited shares) will be made to the participant after a three-year period on condition that the participant remains in the employment of the group.

	Group			
	2020		2019	
	Number of share options	Weighted average grant price at award (Rand)	Number of share options	Weighted average grant price at award (Rand)
Outstanding at the beginning of the year	**31 748**	**111.77**	58 682	107.64
Forfeited during the year[1]			3 968	111.77
Exercised during the year[2]	**31 748**	**111.77**	22 966	86.42
Outstanding at the end of the year			31 748	111.77

Notes:

[1] *31 748 options vested in terms of the plan rules. (2019: 3 968 options vested in terms of the plan rules, while the matching portion was forfeited due to employee resignations.)*

[2] *Grant 4A options vested on 15 November 2019 and the weighted average share price on settlement was R63.55 (2019: R73.75) per share.*

The weighted average remaining contractual life for the share options outstanding as at 30 September 2020 is Nil years (2019: 0.1 years).

The range of exercise prices for the options outstanding at the end of the year is as follows:

	Grant number	2020 Number of share options	2019 Number of share options
R111.77 per share exercisable until 15 November 2019	4A		31 748
Outstanding at the end of the year			31 748

31. SHARE-BASED PAYMENTS PLANS *continued*

31.5 CASH-SETTLED (PHANTOM) COMPENSATION SCHEME

Phantom share options are granted to executive directors and senior managers by the board on the recommendation of the Remuneration and Nominations Committee in terms of the phantom share scheme which was implemented in 2006. The exercise price of the options is equal to the 30-day average closing market price of the shares prior to the date of grant. Provided the employee remains in service, the options vest in three tranches, one-third after a period of three years from the date of grant, a further third after four years and the final third after five years. The contractual life of each option granted is six years, after which the option lapses. Gains on options are settled in cash. Phantom share options granted in 2008 and thereafter have an additional performance-related hurdle rate, linked to growth in headline earnings per share, which applies to half of the options granted. The last grant of options in terms of the scheme was on 1 July 2013 and it is not intended to grant any further options.

The fair value of the cash-settled options is measured at the grant date using the Black-Scholes Option Pricing Model taking into account the terms and conditions upon which the instruments were granted. The services received and the liability to pay for those services are recognised over the expected vesting period. Until the liability is settled it is remeasured at each reporting date with changes in fair value recognised in the statement of comprehensive income.

The following table illustrates the number and VWAP and movements in share options during the year:

	Group			
	2020		2019	
	Number of share options	Weighted average grant price at award (Rand)	Number of share options	Weighted average grant price at award (Rand)
Outstanding at the beginning of the year	**137 000**	**81.21**	300 685	71.55
Forfeited during the year	**137 000**	**81.21**		
Exercised during the year			163 685	67.49
Outstanding at the end of the year			137 000	81.21
Exercisable at the end of the year			137 000	

Note:

[1] 137 000 options were forfeited due not being exercised prior to the expiry date of 19 July 2019.

The weighted average remaining contractual life for the share options outstanding as at 30 September 2019 was 0.3 years.

The range of exercise prices for the options outstanding at the end of the year is as follows:

	Grant number	2020 Number of share options	2019 Number of share options
R81.21 per share exercisable until 1 January 2020	**8B**		137 000
			137 000

31. SHARE-BASED PAYMENT PLANS *continued*

31.6 CASH-SETTLED (SHARE APPRECIATION RIGHTS) COMPENSATION SCHEME

Share appreciation rights are granted to executive directors and senior managers by the board on the recommendation of the Remuneration and Nominations Committee in terms of the Oceana share incentive plan which was implemented in 2014. The exercise price and vesting rights of the share appreciation rights are the same as for the share scheme described in Note 31.5, but the contractual life of the options is seven years and gains on options are settled in cash. Share appreciation rights allocated have a performance criteria, linked to growth in headline earnings per share, which reduces when company financial performance targets are not met.

The fair value of the cash-settled options is measured at the grant date using the Black-Scholes Option Pricing Model taking into account the terms and conditions upon which the instruments were granted. The services received and the liability to pay for those services are recognised over the expected vesting period. Until the liability is settled it is remeasured at each reporting date with changes in fair value recognised in the statement of comprehensive income.

The following table illustrates the number and volume weighted average prices (VWAP) and movements in share options during the year:

	Group			
	2020		2019	
	Number of share options	Weighted average grant price at award (Rand)	Number of share options	Weighted average grant price at award (Rand)
Outstanding at the beginning of the year	**1 170 765**	**82.73**	851 311	97.11
Granted during the year	**2 010 910**	**59.73**	622 372	73.62
Forfeited during the year	**316 904**	**88.43**	302 918	105.84
Outstanding at the end of the year	**2 864 771**	**65.79**	1 170 765	82.73
Exercisable at the end of the year	**73 274**		76 337	

Notes:

[1] *2019: Grant 2 (tranche 3), Grant 3 (tranche 2), Grant 4 (tranche 1) were forfeited due to the 2019 HEPS performance criteria not being achieved. 120 772 options were forfeited due to employee resignations.*

[2] *2020: Grant 3 (tranche 3) and Grant 4 (tranche 2) were forfeited due to the 2020 HEPS performance criteria not being achieved.198 660 options were forfeited due to employee resignations.*

The weighted average remaining contractual life for the share options outstanding as at 30 September 2020 is 6.8 years (2019: 3.9 years).

The range of exercise prices for the options outstanding at the end of the year is as follows:

	Grant number	2020 Number of share options	2019 Number of share options
R77.61 per share exercisable until 11 February 2021	1A	**73 274**	76 333
R111.10 per share exercisable until 16 February 2023	3A		60 387
R116.81 per share exercisable until 14 February 2024	4A	**59 875**	128 145
R82.27 per share exercisable until 14 February 2025	5A	**296 300**	310 300
R73.79 per share exercisable until 14 February 2026	6A	**454 700**	463 100
R72.11 per share exercisable until 21 June 2026	6B		132 500
R59.78 per share exercisable until 1 March 2027	7A	**1 889 167**	
R58.71 per share exercisable until 30 June 2027	7B	**91 455**	
		2 864 771	1 170 765

The significant inputs into the model used to value the liability for share-based payments were a 30-day volume weighted average share price of R61.40 (2019: R70,02), an expected option life of 7 years and expected dividend yield of 4,2% (2019: 3,3%). The interest rate yield used was the Standard Bank Closing Swap Curve. Risk-free rates ranged from 3,3% to 7,9% (2019: 6,5% to 7,9%). Expected volatility of 32,03% (2019: 30,6%) was based on historical share price volatility.

32. RETIREMENT BENEFITS

Defined-contribution benefit plans

The group provides a total of five retirement plans that cover all employees. The plans consist of four defined-contribution provident funds and one defined-contribution pension fund. In 2015 with the acquisition of Daybrook Fisheries Incorporated the group added a defined-contribution retirement pension fund to its portfolio which is governed by Internal Revenue Code in the United States. The assets of the funds in South Africa are held in independent funds, administered by their trustees in terms of the Pension Funds Act, 24 of 1956, as amended. In terms of the Pension Funds Act, certain of the retirement funds are exempt from actuarial valuation. The amount expensed for defined contribution plans for the group was R74.3 million (2019: R69.5 million) and for the company R8.8 million (2019: R7.2 million).

Post-employment medical obligations

The group operates a post-employment medical benefit scheme that covers certain of its retirees. This benefit is no longer offered by the group to current employees or new employees. The liabilities are valued annually using the projected unit credit method and have been funded by contributions to an independently administered insurance plan. The latest full actuarial valuation was performed at 30 September 2020.

	2020 R'000	2019 R'000
Present value of post-employment medical obligations	**4 797**	4 460
Less: Fair value of plan assets	**(3 404)**	(3 839)
Liability at the reporting date	**1 393**	621
The principal actuarial assumptions used for accounting purposes relating to post-employment medical obligations:		
Medical inflation p.a.	**6.01%**	6.64%
Discount rate p.a.	**8.63%**	8.76%

A 100 basis point increase or decrease in the rate of medical inflation would lead to an increase or decrease in the present value of obligations of 6.8% and 6.1% (2019: 7.3% and 6.5%) respectively.

A 100 basis point increase or decrease in the discount rate would lead to an increase or decrease in the present value of obligations of 5.6% and 6.3% (2019: 6.0% and 6.9%) respectively.

33. NON-CONTROLLING INTERESTS

The carrying amount of the non-controlling interests can be analysed as follows:

	Group	
	2020 R'000	2019 R'000
Material subsidiaries with non-controlling interests (refer to table on page 93)	**155 252**	86 580
Individually immaterial subsidiaries with non-controlling interests	**27 544**	23 855
Total	**182 796**	110 435

Listed below are the entities classified by group as being subsidiaries and which have material non-controlling interests. The information is before inter-company eliminations with other group companies.

	Group						
2020 **Subsidiary name**[3]	Erongo Sea Products (Pty) Ltd R'000	Erongo Seafoods[2] (Pty) Ltd R'000	Desert Diamond Fishing (Pty) Ltd R'000	Compass Trawling[2] (Pty) Ltd R'000	Amawandle Hake (Pty) Ltd R'000	Commercial Cold Storage (Ports) (Pty) Ltd R'000	Amawandle Pelagic (Pty) Ltd[1] R'000
Segment	Horse mackerel, hake, lobster and squid	Horse mackerel, hake, lobster and squid	Horse mackerel, hake, lobster and squid	Horse mackerel, hake, lobster and squid	Horse mackerel, hake, lobster and squid	Commercial cold storage and logistics	Canned fish and fishmeal (Africa)
Holding company name	Erongo Marine Enterprises (Pty) Ltd	Erongo Marine Enterprises (Pty) Ltd	Blue Continent Products (Pty) Ltd	Blue Continent Products (Pty) Ltd	Oceana Group Ltd	Commercial Cold Storage Ltd	Oceana Group Ltd
Ownership held by non-controlling interest	**41.97%**	**51.00%**	**10.00%**	**54.70%**	**25.00%**	**30.00%**	**25.00%**
Revenue	**9 845**	**6 744**	**391 451**	**91 498**	**226 129**	**60 026**	**1 024 655**
Profit for the year	**597**	**4 824**	**96 606**	**18 794**	**29 371**	**19 805**	**47 307**
Profit attributable non-controlling interest	**250**	**2 460**	**9 661**	**10 280**	**7 343**	**5 941**	**11 827**
Current assets	**10 295**	**9 954**	**36 647**	**16 802**	**67 735**	**13 615**	**182 692**
Non-current assets	**29 269**		**219 007**	**50 185**	**112 092**	**84 100**	**245 046**
Current liabilities	**9 293**	**112**	**58 374**	**15 026**	**51 450**	**13 032**	**185 669**
Non-current liabilities	**4 276**		**34 178**	**9 437**	**49 708**	**1 543**	**21 498**
Net assets	**25 995**	**9 842**	**163 102**	**42 524**	**78 669**	**83 140**	**220 571**
Net assets attributable to non-controlling interest	**10 910**	**5 019**	**16 310**	**23 261**	**19 667**	**24 942**	**55 143**
Net cash and cash equivalents	**237**	**8 789**	**10 448**		**29**	**10**	**40**
Dividends paid		**3 730**	**36 000**		**6 000**		

33. NON-CONTROLLING INTERESTS *continued*

2019 Subsidiary name[3]	Erongo Sea Products (Pty) Ltd R'000	Erongo Seafoods[2] (Pty) Ltd R'000	Desert Diamond Fishing (Pty) Ltd R'000	Compass Trawling[2] (Pty) Ltd R'000	Amawandle Hake (Pty) Ltd R'000	Commercial Cold Storage (Ports) (Pty) Ltd R'000	Amawandle Pelagic (Pty) Ltd[1] R'000
	Group						
Ownership held by non-controlling interest	41.97%	51.00%	10.00%	54.70%	25.00%	30.00%	25.00%
Revenue	10 540	3 515	240 031	97 336	201 082	48 712	709 924
Profit for the year	1 174	2 781	43 294	19 863	18 184	12 137	1 934
Profit attributable to non-controlling interest	493	1 418	4 329	10 865	4 546	3 641	484
Current assets	6 356	883	46 301	17 039	77 036	55 760	206 259
Non-current assets	28 368	10 583	133 686	55 487	98 518	21 247	184 855
Current liabilities	5 330	147	42 893	19 453	69 662	7 414	130 107
Non-current liabilities	3 996		30 908	9 343	41 720		266 250
Net assets	25 398	11 319	106 186	43 730	64 172	69 593	(5 243)
Net assets attributable to non-controlling interest	10 660	5 772	10 619	23 920	16 043	20 878	(1 311)
Net cash and cash equivalents	15	9	7 662		16	16	3
Dividends paid		2 400	37 000	10 000		10 000	

Notes:

[1] *Amawandle Pelagic Proprietary Limited is considered a material non-controlling interest. The prior year comparatives have been updated to include Amawandle Pelagic Proprietary Limited.*

[2] *The group has assessed that it has control over its investees, Erongo Seafoods Proprietary Limited and Compass Trawling Proprietary Limited, due to it having sufficient power to direct the activities of the investee unilaterally.*

[3] *The primary activities of each entity are as follows:*

- *Erongo Sea Products Proprietary Limited - Vessel owner*
- *Erongo Seafoods Proprietary Limited - Horse mackerel rights holder*
- *Desert Diamond Fishing Proprietary Limited - Catching and processing of fish*
- *Compass Trawling Proprietary Limited - Catching and processing of fish*
- *Commercial Cold Storage (Ports) Proprietary Limited - Cold storage and logistical services*
- *Amawandle Hake Proprietary Limited - Rights holder, catching and processing of fish*
- *Amawandle Pelagic Proprietary Limited - Rights holder, catching and processing of fish*

Refer to schedule : Interest in principal subsidiaries, associate and joint ventures on page 93.

34. 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 has guaranteed the long-term loan of R1 533.1 million (2019: R1 874.8 million) as disclosed in Note 23. Furthermore, six (2019: six) of the subsidiaries in the group have guaranteed this long-term loan. Lucky Star Limited has subordinated the long-term loan to the company of R1 580.6 million (2019: 1 548.8 million) as disclosed in Note 16.

35. FINANCIAL RISK MANAGEMENT

The group's activities expose it to a variety of financial risks: capital risk, market risk (including currency and interest rate risk), liquidity risk and credit risk. The group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the group's financial performance.

Financial Risk exists in the form of:

- Currency Risk
- Interest Risk
- Liquidity Risk
- Capital Risk

The executive team is responsible for implementing the risk management strategy to ensure that an appropriate risk management framework is operating effectively across the group, embedding a risk management culture throughout the group. The board and the audit and risk committee are provided with a consolidated view of the risk profile of the group, and any major exposures and relevant mitigating actions are identified.

The group operates a central treasury function that manages the funding and liquidity risks and requirements of the group's operations. The divisional funding structures and divisional balance sheet structures are determined centrally, according to the requirements of each division. Cash management is controlled and reported centrally to ensure that it is managed effectively and provides daily visibility of all bank accounts in the group. Currency volatility is closely managed by the treasury to mitigate foreign exchange risk. The group manages liquidity risk by monitoring forecast cash flows and by ensuring that adequate borrowing facilities are available. Cash surpluses and short-term financing needs of the group are mainly centralised in the central treasury office. The central treasury office invests the net cash reserves and borrows the net cash deficits from the financial markets, mainly in short-term instruments linked to variable interest rates.

The system of risk management is designed so that the different business units are able to tailor and adapt their risk management processes to suit their specific circumstances.

The group does not speculate in the trading of derivative or other financial instruments. It is group policy to hedge exposure to cash and future contracted transactions. These instruments are designated as effective hedging instruments and therefore hedge accounting is applied.

Currency risk

The group is exposed to currency risk in its foreign trading operations, foreign subsidiary companies and foreign currency bank accounts held in South Africa, Namibia, Angola and the United States.

The group interacts with international customers and suppliers and is exposed to foreign currency risk arising from these exposures. The differences resulting from the translation of foreign operations into the presentation currency of the group is not taken into account when considering foreign currency risk.

Foreign currency risk arises on financial instruments that are denominated in a foreign currency, i.e. in a currency other than the functional currency in which they are measured. Foreign currency risk does not arise from financial instruments that are non-monetary items or from financial instruments denominated in the functional currency.

The objective of the groups policies and processes in managing foreign currency risk is to hedge exposure to cash and future contracted transactions in foreign currencies for a range of forward periods, but not to hedge exposure for the translation of reported profits or reported assets and liabilities.

35. FINANCIAL RISK MANAGEMENT *continued*

The group had the following foreign currency denominated financial assets and liabilities in existence at the reporting date:

	US Dollar '000	Euro '000	Sterling '000	Australian Dollar '000
2020				
Trade receivables	**8 698**	**1 907**	**464**	**276**
Other accounts receivable	**2 938**			
Cash and cash equivalents	**6 900**	**454**		
Accounts payable	**(25 522)**	**(185)**		
Total	**(6 986)**	**2 176**	**464**	**276**
Year-end exchange rate	**17.03**	**19.96**	**21.85**	**12.12**
2019				
Trade receivables	1 294	2 805	538	482
Other accounts receivable	675	(1)		
Cash and cash equivalents	5 171	313		
Accounts payable	(23 029)	(1 180)		
Total	(15 889)	1 937	538	482
Year-end exchange rate	15.22	16.63	18.74	10.29

Currency risks arising from foreign trading operations are partially hedged by means of forward exchange contracts (FECs) and the set-off effect of foreign currency denominated assets and liabilities. The group does not enter into derivative contracts for speculative purposes. Currency risk management is carried out through close co-operation between the group's operating units and the group treasury department in terms of approved policies.

At 30 September 2020 recognised in the statement of financial position is an amount for, the USD denominated foreign currency bought USD14.7 million (2019: USD11.0 million) and USD denominated foreign currency sold USD6.0 million (2019: USD6.2 million). At 30 September 2020, the Euro denominated foreign currency bought EUR0.5 million (2019: EUR0.9 million). At 30 September 2020, the British Pound denominated foreign currency bought and sold was Nil (2019: GBP0.4 million).The average exchange rates applicable to USD transactions in the year was R16.16 (2019:18.08), for Euro transactions was R15.07 (2019: R16.44) and for British Pound transactions in the prior year was R18.50.

The group holds FECs which have been marked to market valued in the statement of financial position. For FECs designated as cash flow hedges, the gains and losses transferred from equity into profit or loss are included in overheads. Those which relate to foreign currency commitments not yet due and assets not yet receivable (therefore not yet recognised in the statement of financial position) are shown in the following table. The contracts will be utilised for purposes of trade in the 2021 financial year.

	Group	
	US Dollar '000	Euro '000
2020		
Foreign currency bought		**475**
Foreign currency sold	**6 000**	
Average exchange rate	**16.16**	**18.08**
2019		
Foreign currency bought	7 000	903
Foreign currency sold	6 000	
Average exchange rate	15.07	16.44

NOTES TO THE ANNUAL FINANCIAL STATEMENTS continued

FOR THE YEAR ENDED 30 SEPTEMBER 2020

35. FINANCIAL RISK MANAGEMENT *continued*

Foreign currency sensitivity analysis

The following table shows the group's sensitivity to a 10% weakening in the South African Rand against the relevant foreign currencies. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at financial year-end for a 10% weaker rand, with all other variables held constant. For a 10% stronger rand there would be an equal and opposite impact on profit after taxation. The table excludes foreign subsidiaries.

	Group	
	2020 R'000	2019 R'000
Increase/(decrease) in profit after taxation		
US Dollar	**(8 566)**	(17 408)
Euro	**3 127**	2 319
Sterling	**730**	726
Australian Dollar	**241**	357

The company does not have any foreign currency commitments or any foreign currency denominated liabilities and has a foreign currency denominated asset R11.9 million (2019: R22.2 million). For a 10% stronger or weaker South African Rand profit after taxation would increase or decrease by R1.1 million (2019: R2.5 million).

The following significant closing exchange rates applied at 30 September and were used in calculating sensitivities:

	2020	2019
South African Rand value per unit of foreign currency:		
US Dollar	**17.03**	15.22
Euro	**19.96**	16.63
Sterling	**21.85**	18.74
Australian Dollar	**12.12**	10.29

Interest rate risk and liquidity risk

Financial assets and liabilities affected by interest rate fluctuations include cash, loans receivable and payable and bank overdrafts. Interest rates applicable to these assets and liabilities are floating. Interest rates approximate prevailing market rates in respect of the financial instrument and country concerned. In order to hedge the group's exposure to the cash flow interest rate risk, the group uses derivative financial instruments such as interest rate caps and swaps.

The group has long-term debt with interest linked to various floating rates. The group has taken out interest rate swaps for approximately 70% (2019: 47%) of floating rate exposure for fixed rates in accordance with the group's objective to optimise finance expenses and reduce volatility in earnings. Swaps are executed with the same critical terms of the long-term debt to ensure that an economic relationship exists between the hedged item and hedging instrument. These hedges are classified as cash flow hedges. The critical terms include the reference rate, tenure, currency and notional amount. No early repayment of hedged debt is envisaged, and the risk of rebalancing is negligible. Accordingly, designated hedging instruments are considered to be highly effective.

The group and company manage their liquidity risk by monitoring and forecasting cash flows and by maintaining adequate borrowing facilities to meet short-term demands. In this regard, the group has undrawn working capital facilities of R1 100 million (2019: R700 million) as at the reporting date, assessed and renewed annually. In terms of the company's Memorandum of Incorporation, the company's borrowing powers are unlimited. Cash flows are monitored on an ongoing basis to ensure that cash resources are adequate to meet the group's funding requirements. Sufficient short term facilities have been negotiated to manage any short fall in these funding requirements.

35. FINANCIAL RISK MANAGEMENT *continued*

The group ensures that it complies with the liquidity and solvency requirements for any dividend payments per the Companies Act, No. 71 of 2008 of South Africa. Debt covenants, which exist on long-term loans, are monitored by management on an ongoing basis and are being met.

	Within 12 months R'000	1 – 4 years R'000	> 5 years R'000
The undiscounted cash flows of the group's borrowings and payables fall into the following maturity analysis profiles:			
2020			
Long-term debt			
Principal amount	**383 688**	**3 069 338**	
Interest	**172 464**	**282 163**	
Accounts payable	**1 680 101**		
2019			
Long-term debt			
Principal amount	340 846	1 861 165	1 459 627
Interest	240 385	445 336	74 859
Accounts payable	1 444 497		

Financial Guarantees

The company and certain subsidiaries have given cross suretyships in support of bank overdraft facilities of certain subsidiaries and the company to the value of R 1 100 million (2019: R700 million), which are assessed and renewed annually, and has guaranteed the long-term loan of R1 533.1 million (2019: R 1 874.8 million) as disclosed in Note 23.

Whilst the maximum credit risk to financial guarantees is the full extent of the above facilities and loans of R2 633.1 million (2019: R2 574.8 million), the extent of the exposure at year end is R 1 533.1 million (2019: R1 874.8 million) taking undrawn bank overdraft facilities into consideration. The group maintains flexibility of funding through the use of committed facility lines. The company managed liquidity risk by monitoring forecast cash flows and ensuring that adequate borrowing facilities are available.

Interest rate sensitivity analysis

For the group, based on the interest-bearing net assets and interest rates ruling at the reporting date, net interest paid would amount to R266.1 million (2019: 265.6 million). A 100 basis point change in the interest rate would result in an increase or decrease of R10.5 million (2019: R20.9 million).

For the company, based on the interest-bearing net assets and interest rates ruling at the reporting date, net interest earned would amount to R3.3 million (2019: R2.4 million). A 100 basis point change in the interest rate would result in an increase or decrease of R2.7 million (2019: R0.4 million).

Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the group or company.

Potential concentrations of credit risk consist principally of trade receivables, loans and advances and short-term cash investments. Long-term loans are secured by cession of shares and fishing rights and bonds over assets as appropriate. Advances are short-term and usually recoverable within the fishing season to which they relate. The group and company deposit short-term cash surpluses only with major financial institutions of high-quality credit standing. At 30 September 2020, the directors did not consider there to be any significant concentration of credit risk which had not been adequately provided for. Details are disclosed in Note 20 of how credit risk relating to accounts receivable is managed.

Fair values

The carrying amounts of financial assets and liabilities approximate their fair values at year-end because they are either of a short-term nature or bear interest at market-related rates.

All forward exchange contracts and interest swaps recorded in the cash flow hedging reserve and derivative liability in Notes 22 and 25 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).

35. FINANCIAL RISK MANAGEMENT *continued*

Specific valuation techniques used to value financial instruments include:

- the fair value of interest swaps is calculated as the present value of the estimated future cash flows based on observable yield curves;
- the fair value of forward foreign exchange contracts is determined using forward exchange spot and forward rates at the balance sheet date.

The following table summarises the group's classification of financial instruments and the fair values.

	Group		Company	
	2020 R'000	2019 R'000	2020 R'000	2019 R'000
Classification of financial instruments				
Financial assets				
Cash and cash equivalents at amortised cost	**1 212 697**	588 036	**276 692**	36 296
Loans and receivables at amortised cost	**1 191 664**	1 192 667	**46 783**	223 103
Loans	**84 200**	107 258	**219**	164
Accounts receivable	**1 107 464**	1 085 409	**46 564**	222 939
Financial liabilities				
Derivative instruments at fair value through profit and loss	**85 721**	10 320		
At amortised cost	**5 093 055**	5 051 210	**2 415 042**	2 369 913
Loans	**3 453 026**	3 650 162		
Accounts payable	**1 640 029**	1 401 048	**2 415 042**	2 369 913

Fair values

The fair values of financial assets and financial liabilities are determined as follows:

Trade and other receivables and loans receivable

The fair values of trade and other receivables and loans receivable are estimated as the present value of future cash flows, discounted at the market rate of interest at the reporting date. The carrying amount reasonably approximates the fair value at 30 September 2020.

Derivatives

The fair values of forward exchange contracts are based on their listed market price, if available. If a listed market price is not available, then the fair value is estimated by discounting the difference between the contractual forward price and the current forward price for the residual maturity of the contract using a risk-free interest rate (based on government bonds).

35. FINANCIAL RISK MANAGEMENT *continued*

Financial liabilities at amortised cost

Fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the reporting date. The carrying amount reasonably approximates the fair value at 30 September 2020.

The fair values are not necessarily indicative of the amounts the group could realise in the normal course of business.

Capital risk management

Capital is managed to ensure that operations continue as a going concern and that expansion opportunities can be funded when they arise. The group and company's capital management strategy has remained consistent with the prior year. Capital comprises equity, as disclosed in the statement of changes in equity and overdrafts supplemented when required by short-term borrowing facilities.

The group manages its capital to ensure that entities in the group will be able to continue on the going-concern basis, while maximising the return to stakeholders through the optimisation of the debt and equity balances. The capital structure of the group consists of loans and borrowings disclosed in Note 23, cash and cash equivalents and equity attributable to owners of the parent, comprising issued capital, reserves and retained earnings as disclosed in the statement of changes in equity.

Company

The company has adopted the group's financial risk management policies and is exposed to the following financial risks: currency risk relating to transactions with foreign subsidiaries; interest rate risk on bank overdrafts and excess cash held with financial institutions; interest risk relating to loans owing to and receivable from subsidiaries (refer to Note 16). At the reporting date, no material currency and interest rate risks have been identified. Liquidity risk is managed by the group's treasury function to ensure sufficient cash resources are available to meet the funding requirements of the company. Please refer to the group's risk management practices and policies described above.

36. RELATED-PARTY DISCLOSURES

Related-party relationships exist between shareholders, subsidiaries, associate and joint venture companies within the group.

These transactions are concluded in the normal course of business. All material intergroup transactions are eliminated on consolidation. The amounts outstanding are unsecured and will be settled in cash. Guarantees have been given or received as disclosed in Note 34 have been given and received between group entities.

Trading balances and transactions: The following is a summary of material transactions with related parties, associate and joint venture companies during the year and the balances of receivables and payables at year-end:

During the year, the company received fees from some of its subsidiaries, associate and joint ventures for the provision of various administration services.

The company provides financing to subsidiary companies, associate and joint ventures and invests surplus cash on their behalf. Loan accounts between wholly-owned group companies in South Africa are interest-free with the exception of when the company is required to fund subsidiary working capital requirements from available overdraft facilities in which event interest is charged at prevailing market rates. Other loan accounts bear interest at rates similar to rates levied by banks. Details of loan balances with, and interests in, subsidiary, associate and joint venture companies are disclosed on page 93. Details of treasury shares held by share trusts are disclosed in Note 21.

36. RELATED-PARTY DISCLOSURES *continued*

	Group		Company	
	2020 R'000	2019 R'000	2020 R'000	2019 R'000
Transactions with joint operations				
Administration fees received	**534**	291		
Net interest received	**381**	815		
Transactions and balances with subsidiaries, associate and joint ventures				
Administration fees received	**543**	516	**269 720**	234 693
Dividends received			**684 518**	249 875
Net interest received			**20 568**	7 380
Goods and services bought from associate and joint ventures	**781 150**	889 974		
Amount receivable from associate and joint ventures	**14 509**		**11 912**	22 174
Amount payable to associate and joint ventures		29 095		
Transactions and balances with shareholders				
Loans receivable from shareholders of subsidiary companies	**83 331**	105 724		
Compensation of key management personnel				
Key management personnel are those persons having authority and responsibility for planning, directing and controlling activities, directly or indirectly, including any director of that entity				
Short-term employee benefits	**47 265**	32 273	**29 495**	18 098
Post-employment benefits	**2 295**	2 479	**1 576**	1 381
Share-based payments – cash-settled compensation scheme	**1 245**	(1 683)	**744**	(1 367)
Share-based payments – equity-settled compensation scheme	**2 980**	4 026	**3 221**	1 531
Share-based payments – Oceana Empowerment Trust	**104**	201	**104**	134
Non-executive directors' emoluments	**4 253**	3 851	**4 253**	3 851
Total compensation of key management	**58 142**	41 147	**39 393**	23 628

Share repurchase and cancellation

Refer to Note 21.2 for details of share transactions between Oceana Group Limited and Lucky Star Limited.

Interest of directors in contracts

The directors of Oceana make declarations of interest in terms of section 75 of the Companies Act, No.71 of 2008. These declarations indicate that certain directors hold positions of influence in other entities which are shareholders, customers and/or competitors of the group.

Post-retirement benefit plans

The group is a member of various defined-contribution plans as well as a defined-benefit plan. Further details are shown in Note 32.

The group and company's interest in subsidiaries, joint ventures and associate

Details of subsidiary, associate and joint venture intergroup loans are set out in separate schedules on page 93 and Note 16 of these annual financial statements.

37. DIRECTORS' AND PRESCRIBED OFFICERS' REMUNERATION

Executive directors' remuneration

	Company					
2020 **Name**	Salary R'000	Allowances and other R'000	Retirement fund contributions R'000	Incentive bonuses[1] R'000	Gain on exercise of cash-settled/ equity-settled share options[3] R'000	Total emoluments R'000
I Soomra	**6 160**	**578**	**350**	**7 002**	**596**	**14 686**
T Giles[4]	**1 276**	**560**	**269**	**1 866**	**137**	**4 108**
E Bosch[2]	**1 121**	**26**	**166**			**1 313**
Total	**8 557**	**1 164**	**785**	**8 868**	**733**	**20 107**
2019						
I Soomra	6 008	116	350	2 425	1 239	10 138
T Giles[4]	1 348	518	280	967	420	3 533
E Bosch[5]	1 157	397	196	360		2 110
Total	8 513	1 031	826	3 752	1 659	15 781

Notes:

1 *Performance bonuses are accounted for on an accrued basis, to match the amount payable to the applicable financial year.*

2 *E Bosch resigned as director effective 31 January 2020 in the current financial year.*

3 *Includes dividends received from Oceana Empowerment Trust.*

4 *T Giles was appointed as interim Chief Financial Officer effective 11 February 2020 to 31 October 2020 (2019: 1 August 2018 to 16 June 2019). T Giles is a prescribed officer.*

5 *E Bosch was appointed as Chief Financial Officer effective 17 June 2019 in the prior financial year.*

37. DIRECTORS' AND PRESCRIBED OFFICERS' REMUNERATION *continued*

Executive directors' share scheme details

I Soomra

2020 Scheme	Award date	Initial vesting date	Options as at 30 Sep 2019 Number	Price	Options awarded during the year Number	Price	Options forfeited during the year Number	Price	Options exercised during the year Number	Price	Gain (R'000)	Options as at 30 Sep 2020 Vested	Unvested	Option value[1] (R'000)	Expiry date
Phantom share options															
Grant 8	1 Jul 13	1 Jul 16	120 000	R81.21			120 000	R81.21							1 Jan 20
			120 000				120 000								
Share appreciation rights															
Grant 1	12 Feb 14	12 Feb 17	11 893	R77.61								11 893			11 Feb 21
Grant 3	17 Feb 16	17 Feb 19	7 237	R111.10			7 237 [3]	R111.10							16 Feb 23
Grant 4	15 Feb 17	15 Feb 20	15 533	R116.81			7 767 [3]	R116.81					7 766		14 Feb 24
Grant 5	15 Feb 18	15 Feb 21	34 700	R82.27									34 700		14 Feb 25
Grant 6	15 Feb 19	15 Feb 22	87 400	R73.79									87 400		14 Feb 26
Grant 7	02 Mar 20	02 Mar 23			313 346	R59.78							313 346	508	01 Mar 27
			156 763		313 346		15 004					11 893	443 212	508	
Restricted shares															
Grant 4	16 Nov 16	16 Nov 19	4 837						4 837	62.76	304				15 Nov 19
Grant 6	14 Nov 18	14 Nov 21	10 100										10 100	620	13 Nov 21
Grant 6B	08 May 19	08 May 22	72 623										72 623	4 459	07 May 22
Grant 7	13 Nov 19	13 Nov 22			6 000	R68.26							6 000	368	12 Nov 23
			87 560		6 000				4 837		304		88 723	5 447	
Performance shares															
Grant 4	15 Feb 17	15 Feb 20	6 400				2 400 [4]		4 000 [2]	60	240				14 Feb 20
Grant 5	15 Feb 18	15 Feb 21	9 600										9 600	589	14 Feb 21
Grant 6	13 Feb 19	13 Feb 22	30 600										30 600	1 879	12 Feb 22
Grant 7	02 Mar 20	02 Mar 23			39 800	R59.78							39 800	2 444	01 Mar 23
			46 600		39 800		2 400		4 000		240		80 000	4 912	
Total			410 923		359 146		137 404		8 837		544	11 893	611 935	10 867	

Notes:

1 *Option value for equity-settled schemes are calculated using the closing VWAP at 30 September 2020 of R61.40. Option value for cash- settled schemes are calculated using the closing VWAP at 30 September 2020 of R61.40 less the grant date price.*

2 *Settled using a TSR multiplier of 62.50%*

3 *Forfeited due to 2020 HEPS performance target not achieved*

4 *Forfeited due to TSR position being below the lower quartile*

Executive directors' share scheme details

I Soomra

2019 Scheme	Award date	Initial vesting date	Options as at 30 Sep 2018 Number	Options as at 30 Sep 2018 Price	Options awarded during the year Number	Options awarded during the year Price	Options forfeited during the year Number	Options forfeited during the year Price	Options exercised during the year Number	Options exercised during the year Price	Options exercised during the year Gain (R'000)	Options as at 30 Sep 2019 Vested	Options as at 30 Sep 2019 Unvested	Options as at 30 Sep 2019 Option value[1] (R'000)	Expiry date
Phantom share options															
Grant 8	1 Jul 13	1 Jul 16	**120 000**	**R81.21**								**120 000**			1 Jan 20
			120 000									**120 000**			
Share appreciation rights															
Grant 1	12 Feb 14	12 Feb 17	**11 893**	**R77.61**								**11 893**			11 Feb 21
Grant 2	11 Feb 15	11 Feb 18	**5 968**	**R103.31**			**5 968** [3]	**R103.31**							10 Feb 22
Grant 3	17 Feb 16	17 Feb 19	**14 474**	**R111.10**			**7 237** [3]	**R111.10**					**7 237**		16 Feb 23
Grant 4	15 Feb 17	15 Feb 20	**23 300**	**R116.81**			**7 767** [3]	**R116.81**					**15 533**		14 Feb 24
Grant 5	15 Feb 18	15 Feb 21	**34 700**	**R82.27**									**34 700**		14 Feb 25
Grant 6	15 Feb 19	15 Feb 22			**87 400**	**R73.79**							**87 400**		14 Feb 26
			90 335		**87 400**		**20 972**					**11 893**	**144 870**		
Restricted shares															
Grant 3	12 Nov 15	12 Nov 18	**15 400**						**15 400**	**R67.00**	**1 032**				11 Nov 18
Grant 4	16 Nov 16	16 Nov 19	**4 837**										**4 837**	**339**	15 Nov 19
Grant 6	14 Nov 18	14 Nov 21			**10 100**	**R73.79**							**10 100**	**707**	13 Nov 21
Grant 6B	08 May 19	08 May 22			**72 623**	**R75.00**							**72 623**	**5 085**	07 May 22
			20 237		**82 723**				**15 400**		**1 032**		**87 560**	**6 131**	
Performance shares															
Grant 3	18 Feb 16	18 Feb 19	**6 000**				**4 130** [4]		**1 870** [2]	**R74.93**	**140**				17 Feb 19
Grant 4	15 Feb 17	15 Feb 20	**6 400**										**6 400**	**448**	14 Feb 20
Grant 5	15 Feb 18	15 Feb 21	**9 600**										**9 600**	**672**	14 Feb 21
Grant 6	13 Feb 19	13 Feb 22			**30 600**	**R73.79**							**30 600**	**2 143**	12 Feb 22
			22 000		**30 600**		**4 130**		**1 870**		**140**		**46 600**	**3 263**	
Total			**252 572**		**200 723**		**25 102**		**17 270**		**1 172**	**131 893**	**279 030**	**9 394**	

Notes:
1 *Option value calculated using the closing VWAP at 30 September 2019 of R70.02.*
2 *Settled using a TSR multiplier of 31.18%.*
3 *Forfeited due to 2019 HEPS performance target not achieved.*
4 *Forfeited due to TSR position being below the lower quartile.*

37. DIRECTORS' AND PRESCRIBED OFFICERS' REMUNERATION *continued*

Executive directors' share scheme details

E Bosch

2020 Scheme	Award date	Initial vesting date	Options as at 30 Sep 2019 Number	Price	Options awarded during the year Number	Price	Options forfeited during the year[1] Number	Price	Options exercised during the year Number	Price	Gain (R'000)	Options as at 30 Sep 2020 Vested	Unvested	Option value (R'000)	Expiry date
Share appreciation rights															
Grant 6b	21 Jun 19	21 Jun 22	**132 500**	**R72.11**			**132 500**								**20 Jun 26**
			132 500				**132 500**								
Restricted shares															
Grant 6	21 Jun 19	21 Jun 22	**22 500**				**22 500**								**20 Jun 22**
			22 500				**22 500**								
Performance shares															
Grant 6	21 Jun 19	21 Jun 22	**32 500**				**32 500**								**20 Jun 22**
			32 500				**32 500**								
Total			**187 500**				**187 500**								

Notes:

[1] *Options forfeited due to resignation effective 31 January 2020.*

Executive directors' share scheme details

E Bosch

2019 Scheme	Award date	Initial vesting date	Options as at 30 Sep 2018 Number	Price	Options awarded during the year Number	Price	Options forfeited during the year Number	Price	Options exercised during the year Number	Price	Gain (R'000)	Options as at 30 Sep 2019 Vested	Unvested	Option value[1] (R'000)	Expiry date
Share appreciation rights															
Grant 6b	21 Jun 19	21 Jun 22			**132 500**	**R72.11**							**132 500**		20 Jun 26
					132 500								**132 500**		
Restricted shares															
Grant 6	21 Jun 19	21 Jun 22			**22 500**								**22 500**	**1 575**	20 Jun 22
					22 500								**22 500**	**1 575**	
Performance shares															
Grant 6	21 Jun 19	21 Jun 22			**32 500**								**32 500**	**2 276**	20 Jun 22
					32 500								**32 500**	**2 276**	
Total					**187 500**								**187 500**	**3 851**	

Notes:

[1] *Option value calculated using the closing VWAP at 30 September 2019 of R70.02.*

37. DIRECTORS' AND PRESCRIBED OFFICERS' REMUNERATION *continued*

Executive directors' share scheme details

T Giles

2020 Scheme	Award date	Initial vesting date	Options as at 30 Sep 2019 Number	Options as at 30 Sep 2019 Price	Options awarded during the year Number	Options awarded during the year Price	Options forfeited during the year Number	Options forfeited during the year Price	Options exercised during the year Number	Options exercised during the year Price	Options exercised during the year Gain (R'000)	Options as at 30 Sep 2020 Vested	Options as at 30 Sep 2020 Unvested	Options as at 30 Sep 2020 Option value[1] (R'000)	Expiry date
Share appreciation rights															
Grant 1	12 Feb 14	12 Feb 17	4 160	R77.61								4 160			11 Feb 21
Grant 3	17 Feb 16	17 Feb 19	2 266	R111.10			2 266 [3]	R111.10							16 Feb 23
Grant 4	15 Feb 17	15 Feb 20	4 667	R116.81			2 333 [3]	R116.81					2 334		14 Feb 24
Grant 5	15 Feb 18	15 Feb 21	10 700	R82.27									10 700		14 Feb 25
Grant 6	15 Feb 19	15 Feb 22	22 000	R73.79									22 000		14 Feb 26
Grant 7	02 Mar 20	02 Mar 23			81 228	R59.78							81 228	132	01 Mar 27
			43 793		81 228		4 599					4 160	116 262	132	
Restricted shares															
Grant 4	16 Nov 16	16 Nov 19	1 842						1 842	R63.55	117				15 Nov 19
Grant 6	14 Nov 18	14 Nov 21	6 400										6 400	393	13 Nov 21
Grant 6B	08 May 19	08 May 22	16 358										16 358	1 004	07 May 22
Grant 7	13 Nov 19	13 Nov 22			3 200	R68.26							3 200	196	12 Nov 23
			24 600		3 200				1 842		117		25 958	1 593	
Performance shares															
Grant 4	15 Feb 17	15 Feb 20	1 700				637 [4]		1 063 [2]	R60.00	64				14 Feb 20
Grant 5	15 Feb 18	15 Feb 21	2 600										2 600	160	14 Feb 21
Grant 6	13 Feb 19	13 Feb 22	6 100										6 100	375	12 Feb 22
Grant 7	02 Mar 20	02 Mar 23			8 200	R59.78							8 200	503	01 Mar 23
			10 400		8 200		637		1 063		64		16 900	1 038	
Total			78 793		92 628		5 236		2 905		181	4 160	159 120	2 763	

Notes

1. *Option value for equity-settled schemes are calculated using the closing VWAP at 30 September 2020 of R61.40. Option value for cash- settled schemes are calculated using the closing VWAP at 30 September 2020 of R61.40 less the grant date price.*
2. *Settled using a TSR multiplier of 62.50%.*
3. *Forfeited due to 2020 HEPS criteria not being met.*
4. *Forfeited due to TSR position being below the lower quartile*

Executive directors' share scheme details

T Giles

2019 Scheme	Award date	Initial vesting date	Options as at 30 Sep 2018 Number	Options as at 30 Sep 2018 Price	Options awarded during the year Number	Options awarded during the year Price	Options forfeited during the year Number	Options forfeited during the year Price	Options exercised during the year Number	Options exercised during the year Price	Options exercised during the year Gain (R'000)	Options as at 30 Sep 2019 Vested	Options as at 30 Sep 2019 Unvested	Option value[1] (R'000)	Expiry date
Phantom share options															
Grant 8	1 Jul 13	1 Jul 16	**8 667**	**R81.21**					**8 667**	**R82.19**	**162**				1 Jul 19
			8 667						**8 667**		**162**				
Share appreciation rights															
Grant 1	12 Feb 14	12 Feb 17	**4 160**	**R77.61**								**4 160**			11 Feb 21
Grant 2	11 Feb 15	11 Feb 18	**2 100**	**R103.31**			**2 100** [3]	**R103.31**							10 Feb 22
Grant 3	17 Feb 16	17 Feb 19	**4 533**	**R111.10**			**2 267** [3]	**R111.10**					**2 266**		16 Feb 23
Grant 4	15 Feb 17	15 Feb 20	**7 000**	**R116.81**			**2 333** [3]	**R116.81**					**4 667**		14 Feb 24
Grant 5	15 Feb 18	15 Feb 21	**10 700**	**R82.27**									**10 700**		14 Feb 25
Grant 6	15 Feb 19	15 Feb 22			**22 000**	**R73.79**							**22 000**		14 Feb 26
			28 493		**22 000**		**6 700**					**4 160**	**39 633**		
Restricted shares															
Grant 3	12 Nov 15	12 Nov 18	**2 600**						**2 600**	**R84.91**	**221**				11 Nov 18
Grant 4	16 Nov 16	16 Nov 19	**1 842**										**1 842**	**129**	15 Nov 19
Grant 6	14 Nov 18	14 Nov 21			**6 400**	**R73.79**							**6 400**	**448**	13 Nov 21
Grant 6B	08 May 19	08 May 22			**16 358**	**R75.00**							**16 358**	**1 145**	07 May 22
			4 442		**22 758**				**2 600**		**221**		**24 600**	**1 722**	
Performance shares															
Grant 3	18 Feb 16	18 Feb 19	**1 600**				**1 102** [4]		**498** [2]	**R74.93**	**37**				17 Feb 19
Grant 4	15 Feb 17	15 Feb 20	**1 700**										**1 700**	**119**	14 Feb 20
Grant 5	15 Feb 18	15 Feb 21	**2 600**										**2 600**	**182**	14 Feb 21
Grant 6	13 Feb 19	13 Feb 22			**6 100**	**R73.79**							**6 100**	**427**	12 Feb 22
			5 900		**6 100**		**1 102**		**498**		**37**		**10 400**	**728**	
Total			**47 502**		**50 858**		**7 802**		**11 765**		**420**	**4 160**	**74 633**	**2 450**	

Notes:

1 *Option value calculated using the closing VWAP at 30 September 2019 of R70.02.*

2 *Settled using a TSR multiplier of 31.18%.*

3 *Forfeited due to 2019 HEPS performance target not achieved.*

4 *Forfeited due to TSR position being below the lower quartile.*

37. DIRECTORS' AND PRESCRIBED OFFICERS' REMUNERATION *continued*

Non-executive directors' remuneration

	Company					
	2020			2019		
	Board fees R'000	Committee fees R'000	Total R'000	Board fees R'000	Committee fees R'000	Total R'000
ZBM Bassa	**257**	**268**	**525**	273	251	524
MA Brey	**711**	**102**	**813**	705	81	786
PG de Beyer	**258**	**262**	**520**	273	251	524
NP Doyle[1]				137	40	177
I Mac Dougall[1]				137	40	177
NA Pangarker[2]	**264**	**172**	**436**	159	94	253
S Pather	**315**	**302**	**617**	333	306	639
L Sennelo[3]	**264**	**182**	**446**	147	117	264
NV Simamane	**259**	**228**	**487**	273	234	507
A Jakoet[4]	**226**	**183**	**409**			
Total	**2 554**	**1 699**	**4 253**	2 437	1 414	3 851

Notes:

1 *Paid to Tiger Brands Limited. L Mac Dougall and N Doyle resigned from the board of directors effective 30 April 2019.*

2 *Paid to Brimstone Investment Corporation Limited. NA Pangarker was appointed to the board effective 1 March 2019.*

3 *L Sennelo was appointed to the board of directors effective 18 March 2019.*

4 *A Jakoet was appointed to the board of directors effective 14 November 2019.*

38. GROUP ENTITIES

The group's principal subsidiaries, associate and joint ventures, including applicable ownership interests, are detailed on page 93 and material non-controlling interests are disclosed in Note 33. There are no significant restrictions on the ability of the group to realise assets or settle liabilities of any of its subsidiaries. The group has no unconsolidated structured entities. There are no contractual obligations on the company or any of its subsidiaries to provide financial support other than what is disclosed in Note 34.

39. EVENTS AFTER THE REPORTING DATE

At the date of this report the, the Covid-19 pandemic has had no further significant effect on the operations of the group and company since the year-end. The group and company continues to monitor the potential outcomes of the Covid-19 pandemic and maintains sufficient liquidity to withstand any foreseeable disruptions.

Other than the dividend that has been declared (refer to Note 9) after the reporting period, no further events occurred after the reporting date that may have an impact on the group and company's reported positions at 30 September 2020 or require separate disclosure in these group and company financial statements.

40. GOING CONCERN

The assessment of going concern included the consideration of current economic conditions as well as available information about future risks and uncertainties, including the stability of fishing resources and the potential impact of climate change. Management has assessed the fishing resources in the sector's and geographies the group operates in, to be stable and well-managed resources. Climate variation features as one of the group's top three environmental risks and management continues to assess the potential effects on the business and value chain. The group's diversification strategy and investment along different coastlines enables it to mitigate risk through geographic and specie diversity. Projections for the group, based on various financial analyses taking the above factors into account, have been prepared, covering its future performance, capital and liquidity for a period of 12 months from the date of approval of the annual financial statements.

These analyses have been updated to include the ongoing developments relating to the Covid-19 pandemic and will evolve as the effects of the pandemic continue to extend. The group was classified as an essential service provider in all geographies in which it operated during the Covid-19 lockdown period and was accordingly able to continue trading. The group's ability to continue producing and delivering an affordable protein, mainly for in-home consumption, places it in a favourable position given the food security risks faced globally during the pandemic. The robustness of Oceana's diversification strategy with its exposure to multiple species, products, markets and currencies provide a natural hedge to market volatility.

The group's forecasts and projections of its current and expected profitability and cash flows, taking account of reasonably possible changes in trading performance, show that the group will be able to operate within the limits of its existing banking facilities for at least 12 months from the approval date of the annual financial statements. The annual financial statements were accordingly prepared on the going-concern basis since the directors have every reason to believe that the group has adequate resources in place to continue in operation for the foreseeable future, even considering the impacts of the Covid-19 pandemic.

The company was profitable for the year and solvent at year end however was in a net current liability position of R2 061 million (2019: R2 089 million) at year end due to amounts owing to group subsidiaries. The company's net current liability position is supported by a subordinated loan of R1 581 million (2019: R1 549 million) with Lucky Star Limited and undrawn facilities totalling R1 100 million (2019: R700 million) enabling the company to settle its obligations as they become due in the normal course of business. It has therefore been concluded that the company's annual financial statements have been appropriately prepared on the going-concern assumption.

INTEREST IN PRINCIPAL SUBSIDIARIES, ASSOCIATE AND JOINT VENTURES

FOR THE YEAR ENDED 30 SEPTEMBER 2020

			Issued capital	Effective holding			Interest of holding company			
							Cost of shares		Indebtedness	
Name of company	Notes	Nature of business	2020 R	2020 %	2019 R	2019 %	2020 R'000	2019 R'000	2020 R'000	2019 R'000
Amawandle Hake Proprietary Limited		Hake	**400**	**75**	400	75			**710**	67 262
Amawandle Pelagic Proprietary Limited		Canned fish, fishmeal/oil	**178 507 494**	**75**	400	75	**133 872**		**(46 480)**	51 856
Arechanab Fishing & Dev Co Proprietary Limited		Horse mackerel	**3 000**	**49**	3 000	49				
Blue Continent Products Proprietary Limited		Horse mackerel, hake	**1 000**	**100**	1 000	100	**1 932**	1 932	**(225 623)**	(329 903)
Calamari Fishing Proprietary Limited		Squid	**4 000**	**100**	4 000	100			**(15 418)**	(15 718)
Cerocic Fishing Proprietary Limited		Horse mackerel	**7 500**	**48**	7 500	48				
Commercial Cold Storage Proprietary Limited		Cold storage	**100**	**100**	100	100				5 279
Commercial Cold Storage Limited		Holding company	**1 000 000**	**100**	1 000 000	100	**6 986**	6 986	**(35 669)**	
Commercial Cold Storage (Ports) Proprietary Limited		Cold storage	**100**	**70**	100	70			**1**	
Commercial Cold Storage (Namibia) Proprietary Limited – Namibia		Cold storage	**10 000**	**100**	10 000	100			**(211 778)**	(179 410)
Compass Trawling Proprietary Limited		Hake	**1 000**	**45**	1 000	45				
Desert Diamond Fishing Proprietary Limited		Horse mackerel	**120**	**90**	120	90			**(142 985)**	(61 402)
Oceana US Investment Holdings Corporation – United States of America		Holding company	**3 221 400 000**	**100**	3 221 400 000	100	**3 221 400**	3 221 400		
Oceana US Holdings Corporation – United States of America		Holding company	**3 042 682 453**	**100**	3 042 682 453	100				
Daybrook Investors Incorporated – United States of America		Holding company	**44 242 171**	**100**	44 242 171	100				
Daybrook Fisheries Incorporated – United States of America		Holding company	**57 905 400**	**100**	57 905 400	100			**(4 854)**	
Daybrook Holdings Incorporated – United States of America		Fishmeal/oil	**54 748 814**	**100**	54 748 814	100				
Westbank Fishing Limited Liability Company – United States of America	2	Fishmeal/oil	**510 930 000**	**25**	510 930 000	25				
Erongo Marine Enterprises Proprietary Limited – Namibia		Horse mackerel	**100**	**100**	100	100			**(85 208)**	(146 030)
Erongo Seafoods Proprietary Limited – Namibia		Horse mackerel	**40 000**	**49**	40 000	49				
Erongo Sea Products Proprietary Limited – Namibia		Horse mackerel	**100**	**58**	100	58				
Etosha Fisheries Holding Company Proprietary Limited – Namibia	1	Canned fish, fishmeal/oil	**9 085**	**45**	9 085	45	**10 987**	10 988	**109**	52
Le Monde Holdings Limited - Seychelles		Cold storage	**116**	**100**	116	100				
MFV Romano Paulo Vessel Company Proprietary Limited	1	Rock lobster	**3 000**	**35**	3 000	35				
Ntuitif Proprietary Limited		Hake	**100**	**65**	100	65				37 513
Ntabeni Fishing Proprietary Limited		Canned fish, fishmeal/oil	**200**	**74**	200	74				
Lucky Star Limited		Canned fish, fishmeal/oil	**600 000**	**100**	600 000	100	**1 706**	1 706	**(1 564 656)**	(1 548 856)
Oceana Africa Holdings Limited – Mauritius		Holding company	**100**	**100**	100	100				
Oceana Peche International Limited – Mauritius		Fishmeal/oil	**50**	**50**	50	50				2 293
Oceana Empowerment Trust	3	Empowerment Trust	**n/a**	**n/a**	n/a	n/a			**146**	
Oceana Lobster Limited		Rock lobster	**965 500**	**100**	965 500	100	**966**	966	**(5 554)**	(5 839)
Oceana Boa Pesca Limitada – Angola	1 & 4	Fishmeal/oil	**2 444 000**	**50**	2 444 000	50				19 885
Ulwandle Inshore Proprietary Limited		Hake	**1 000**	**100**	1 000	100			**2**	1
Stephan Rock Lobster Packers Limited[5]		Rock lobster			200 000	51		25		(200)
							3 377 849	3 244 003	**(2 337 257)**	(2 103 217)

Only principal trading subsidiaries and joint ventures have been included in the above list. Details of all subsidiaries and joint ventures are available upon request from the company secretary. The group has 18 (2019: 18) wholly-owned subsidiaries and 15 (2019: 16) non-wholly-owned subsidiaries.
All subsidiaries and joint ventures are incorporated in South Africa unless otherwise indicated.

Notes:
1 *Joint venture.*
2 *Associate.*
3 *The trust is funded by capital contributions from Oceana Group Limited and participating South African subsidiary companies.*
4 *The company's investment in Oceana Boa Pesca Limitada has been impaired following the decline in the sardinella resource In Angola and the Long term interests including the loan and investment have been classified as held for sale.*
5 *Stephen Rock Lobster was deregistered in the current financial year.*

INTEREST IN JOINT OPERATIONS

AT 30 SEPTEMBER 2020

EFFECTIVE HOLDING	2020 %	2019 %
The amounts below are recognised in the group’s consolidated annual financial statements as a result of its interest in all of the group's joint operations. The only significant joint operation is however: Premier/BCP Hake JV (un-incorporated joint operation of Blue Continent Products Proprietary Limited)	**52**	52

	R’000	R’000
Expenses	**(16 326)**	(22 352)
Loss after taxation	**(16 326)**	(22 352)
STATEMENT OF FINANCIAL POSITION		
Current assets	**8 569**	3 020
Current liabilities		
– Interest-free	**(4 540)**	(8 376)
STATEMENT OF CASH FLOWS		
Operating loss	**(16 326)**	(22 352)
Non- cash item	**64**	
Working capital changes	**(1 998)**	5 331
Decrease in cash and cash equivalents	**(18 260)**	(17 021)

Expenses, statement of financial position and statement of cashflows is reflective for all joint operations for which the group holds an interest.

SHAREHOLDER ANALYSIS

AT 30 SEPTEMBER 2020

SHAREHOLDER SPREAD	Number of shareholders	%	Number of shares	%
1 – 1 000 shares	7 148	84.0	1 027 724	0.8
1 001 – 10 000 shares	866	10.2	2 873 275	2.2
10 001 – 100 000 shares	364	4.3	12 192 355	9.4
100 001 – 1 000 000 shares	111	1.3	30 621 969	23.5
1 000 001 shares and over	20	0.2	83 716 481	64.1
	8 509	100.0	130 431 804	100.0
DISTRIBUTION OF SHAREHOLDERS				
Banks	103	1.2	9 565 059	7.3
Brokers	34	0.4	1 637 519	1.3
Close corporations	56	0.7	34 928	
Empowerment	5	0.1	33 448 161	25.7
Individuals	6 284	73.9	2 661 814	2.0
Insurance companies	44	0.5	2 258 624	1.7
Investment companies	8	0.1	17 308	
Mutual funds	282	3.3	34 229 165	26.2
Nominees and trusts	1 057	12.4	921 255	0.7
Other corporate bodies	71	0.8	3 381 150	2.6
Pension funds	348	4.1	27 952 052	21.5
Private companies	212	2.5	435 231	0.3
Public companies	2		25 553	
Treasury shares held by share trusts	2		13 575 585	10.5
Treasury shares held by subsidiary	1		288 400	0.2
	8 509	100.0	130 431 804	100.0
SHAREHOLDER TYPE				
Non-public shareholders	30	0.3	47 504 646	36.4
Directors and employees	25	0.3	192 500	0.1
Treasury shares held by share trusts	2		13 575 585	10.4
Treasury shares held by subsidiary	1		288 400	0.2
Empowerment	1		821 048	0.6
Other holdings greater than 10%	1		32 627 113	25.1
Public shareholders	8 479	99.7	82 927 158	63.6
	8 509	100.0	130 431 804	100.0
SHAREHOLDERS HOLDING 5% OR MORE				
Brimstone Investment Corporation Limited			32 627 113	25.0
Oceana Empowerment Trust			13 380 306	10.3
Public Investment Corporation (SOC) Limited			12 778 289	9.8
Prudential Portfolio Managers (South Africa) (Pty) Ltd			9 171 127	7.0
Foord Asset Management (Pty) Ltd			8 570 613	6.6

ADMINISTRATION

REGISTERED OFFICE AND BUSINESS ADDRESS

9th Floor, Oceana House
25 Jan Smuts Street
Foreshore, Cape Town, 8001
PO Box 7206, Roggebaai, 8012
Telephone: National 021 410 1400
International: +27 21 410 1400
Facsimile: 021 419 5979
Email: companysecretary@oceana.co.za
Website: www.oceana.co.za

COMPANY REGISTRATION NUMBER

1939/001730/06

JSE SHARE CODE

OCE

NSX SHARE CODE

OCG

COMPANY ISIN

ZAE000025284

TRANSFER SECRETARIES

Computershare Investor Services Proprietary Limited
Rosebank Towers
15 Biermann Avenue
Rosebank, Johannesburg, 2196
Private Bag x9000, Saxonwold, 2132
Telephone: 011 370 5000
Facsimile: 011 688 5216

COMPANY SECRETARY

Adela Fortune

BANKERS

The Standard Bank of South Africa Limited
Investec Bank Limited
Rand Merchant Bank Holdings Limited
BMO Harris Bank N.A.

EXTERNAL AUDITORS

Deloitte & Touche

INTERNAL AUDITORS

Ernst & Young

JSE SPONSOR

The Standard Bank of South Africa Limited

NSX SPONSOR

Old Mutual Investment Services (Namibia) Proprietary Limited

EXECUTIVE DIRECTORS

Chief Executive Officer

Imraan Soomra[°?•]

Chief Financial Officer

Elton Bosch[°] (*Resigned 31 January 2020*)

Hajra Karrim[°] (*Appointed 1 November 2020*)

PRESCRIBED OFFICER

Interim Chief Financial Officer

Trevor Giles *(11 February 2020 to 31 October 2020)*

NON-EXECUTIVE DIRECTORS

Chairman

Mustaq Ahmed Brey[†]

Lead independent director

Saamsoodein Pather[*†]

Zarina Bibi Mahomed Bassa[*?]
Peter Gerard de Beyer[*†]
Nisaar Ahmed Pangarker[?•]
Lesego Sennelo[?•]
Nomahlubi Victoria Simamane[•†]
Aboubakar Jakoet[*?] (*Appointed 14 November 2019*)

[*] *Audit Committee*
[?] *Risk Committee*
[†] *Remuneration and Nominations Committee*
[°] *Executive director*
[•] *Social, Ethics and Transformation Committee*