



2018

AUDITED ANNUAL
FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER



100
YEARS
1918 - 2018

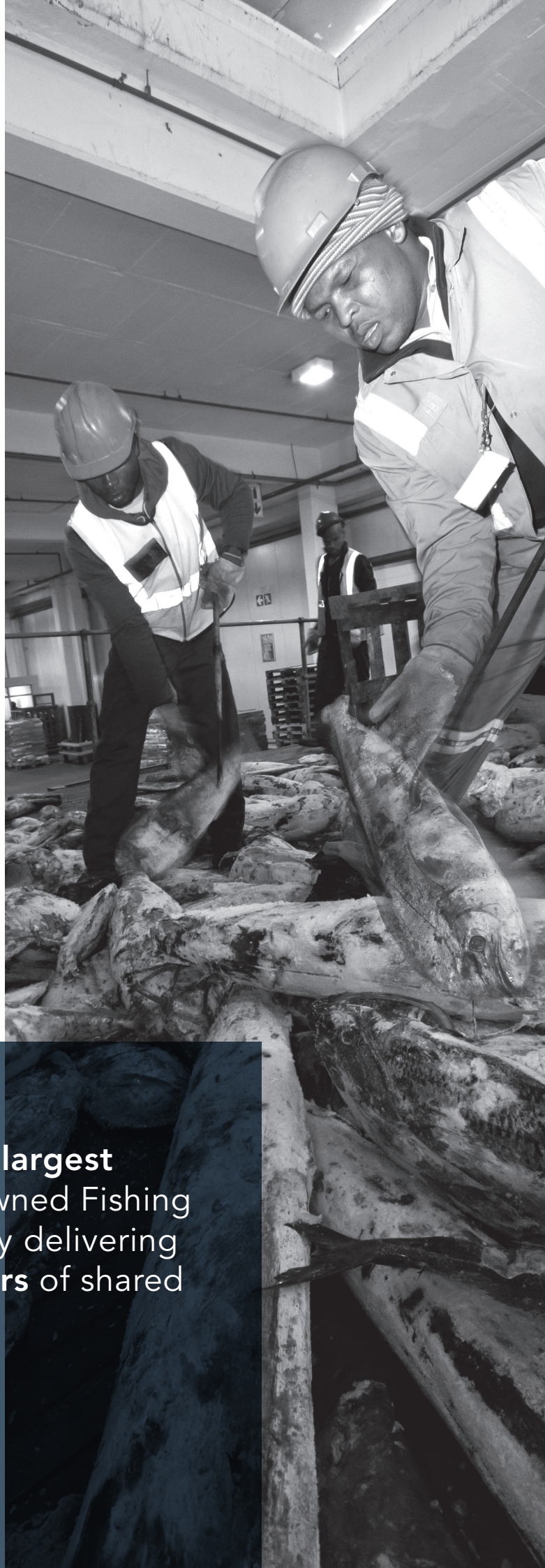
CONTENTS

1	Approval of annual financial statements
1	Preparation of annual financial statements
1	Report of the company secretary
2	Independent auditor's report
6	Report of the directors
8	Report of the Audit Committee
12	Accounting policies
26	Statements of comprehensive income
27	Statements of financial position
28	Statements of changes in equity
30	Statements of cash flows
31	Notes to the annual financial statements
76	Interest in principal subsidiaries, associate and joint ventures
77	Interest in joint operations
78	Shareholder analysis
79	Administration

Oceana Group Limited

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

Africa's largest
Black-owned Fishing
company delivering
100 years of shared
value



Approval of annual financial statements

The group annual financial statements and the company annual financial statements for the year ended 30 September 2018, which appear on pages 6 to 78, were approved by the board of directors on 15 November 2018 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 were prepared under the supervision of the interim chief financial officer, T Giles CA(SA). These annual financial statements have been audited in compliance with the Companies Act, 71 of 2008 (the Companies Act).

Report of the company secretary

In terms of section 88(2)(e) of the Companies Act, I certify that the company has lodged with the Commissioner all such returns as are required by the Companies Act, and that all such returns are true, correct and up to date.



JC Marais
Company secretary
15 November 2018

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) set out on pages 12 to 77, which comprise the statements of financial position as at 30 September 2018, and the statements of comprehensive income, the statements of changes in equity and the statements of cash flows for the year then ended, and notes to the 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 the Group as at 30 September 2018, 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 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 International Ethics Standards Board for Accountants Code of Ethics for Professional Accountants (Parts A and B). 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.

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 indefinite useful life intangible assets	
Goodwill and indefinite useful life intangible assets comprise 41% (2017: 41%) of the total assets of the Group. These assets arose primarily in the acquisition of businesses in previous periods.	We focused our testing of the impairment of goodwill and indefinite useful life intangible assets on the key assumptions made by the directors. Our audit procedures included:
As required by the applicable accounting standards, the Directors have conducted annual impairment tests to assess the recoverability of the carrying value of the goodwill and indefinite useful life intangible assets. This is performed using discounted cash flow models to determine a value in use of the goodwill and indefinite useful life intangible assets.	• Critically evaluating whether the future projected cash flows used by the Directors to calculate the value in use of the individual Cash Generating Units ("CGUs") complies with the requirements of IAS 36 – <i>Impairment of Assets</i> (IAS 36); • Engaging our internal experts to independently assess the reasonability of the discount rate used in the Directors' impairment calculations; • Analysing the future projected cash flows used in the models to determine whether they are reasonable and supportable given the current macroeconomic climate and expected future performance of the CGUs; • Comparing the future projected cash flows, including the assumptions relating to revenue growth rates and operating margins, against historical performance to test the accuracy of the Directors' projections; • Subjecting the key assumptions to sensitivity analyses to evaluate the extent of the impact on the value in use; • Recalculating the value-in-use of the CGUs; and • Assessing the adequacy of the Group's disclosures in respect of goodwill and indefinite useful life intangible assets in the notes to the financial statements.
As disclosed in note 11, there are a number of key sensitive assumptions made in determining the inputs into these models which include:	
• Revenue growth rates to determine forecast revenue; • Forecast gross margin and oil yields; and • Discount rates (weighted average cost of capital), applied to the projected future cash flows.	

Key audit matter	How the matter was addressed in the audit
Accordingly the impairment test of these assets is considered to be a key audit matter.	We found that the assumptions used by the Directors were comparable with historical performance and the expected future outlook and the discount rates used were appropriate. We consider the disclosure of the goodwill and indefinite useful life intangible assets to be appropriate.
Fishing rights, evidence of quota allocation received and compliance with permit conditions	
The Group is required to comply with regulations over fishing operations. Non-compliance with regulations could lead to reputational damage, penalties and could also lead to quotas being withdrawn impacting the ability of the Group to continue as a going concern. Insufficient allocation of quota could also negatively impact the Group. Oceana maintains stringent controls to ensure compliance with quota conditions. Given the severity of non-compliance and reliance on fishing rights and the related quota allocation, evidence of quota allocation and compliance with permit conditions is considered a key audit matter.	Our testing of the Group's quota allocation received and compliance with permit conditions focused on the following audit procedures: - Assessing the design and implementation of the controls in place to ensure compliance with quota permit and allocation conditions, to ensure that the controls are appropriately designed and implemented with sufficient precision to prevent and or detect the risk of non-compliance with the relevant regulations; - Inspecting evidence from the regulatory authorities supporting the total quota allocations; and - Comparing and evaluating the evidence of quota caught against quota allocations and assessing compliance with the permit conditions. The design and implementation of controls were found to be effective and there was sufficient and appropriate evidence to support the Group's quota allocation received and compliance with permit conditions.
Transaction with a related party to acquire an 75% interest in Westbank	
As disclosed in notes 23 and 34 of the consolidated financial statements, in terms of the Westbank operating agreement the remaining shareholders of Westbank Fishing Limited Liability Company ("Westbank"), exercised their right to put their 75% equity stake in Westbank ("Westbank Interest") to Daybrook Fisheries Incorporated ("Daybrook") or its nominee. A company, majority owned and controlled by Mr. Francois Kuttel, the former Chief Executive Officer of Oceana, Makimry Patronus Limited Liability Company ("Makimry"), acquired the Westbank Interest. This transaction is deemed to be an agreement with a related party of Oceana in terms of Section 10.1(a) of the Listings Requirements of the JSE, and accordingly, approval by Shareholders was required and obtained effective 13 April 2018. Due to the nature and significance of this agreement with a related party it is considered to be a key audit matter.	We focused our audit work on assessing the internal controls implemented by the Group regarding the evaluation of offers for the Westbank interest, on the agreements entered into as part of the transaction, compliance with law and regulations and the disclosure of the transaction. Our procedures included the following: - Obtaining an understanding of the relevant controls related to the transaction; - Evaluating the design and implementation of relevant controls identified; - Inspecting the results of the ordinary resolutions of Shareholders and the minutes of meetings of the Independent Committee, those charged with governance and management for evidence of approval of terms and conditions of the transaction and arrangements with the related party; - Assessing the transaction in terms of the requirements of the Companies Act and the JSE Requirements; - Testing the impact of the transaction on the respective account balances, classes of transactions and disclosure in the financial statements; - Assessing the terms of the agreements entered into with the related party; and - Evaluating whether the transaction disclosure complies with IAS 24 – <i>Related Parties</i>. The design and implementation of controls to identify a nominee were found to be effective. No material matters were noted regarding the accounting and disclosure of the transaction.

Independent Auditor's report to the shareholders of Oceana Group Limited *(continued)*

OTHER INFORMATION

The directors are responsible for the other information. The other information comprises the Directors' Report, the Audit Committee's Report and the Company Secretary's Certificate 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 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.

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 Audit Committee 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 Audit Committee 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, related safeguards.

From the matters communicated with the Audit Committee, 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 76 years.

Deloitte & Touche

Deloitte & Touche

Registered auditor

Per: Allison Legge

Partner

15 November 2018

1st Floor, The Square

Cape Quarter

27 Somerset Road

Green Point 8005

Western Cape

Docex 5 Claremont

National Executive: *LL Bam Chief Executive Officer; *TMM Jordan Deputy Chief Executive Officer; *MJ Jarvis Chief Operating Officer; *AF Mackie Audit & Assurance; *N Sing Risk Advisory; DP Ndlovu Tax & Legal; TP Pillay Consulting; *JK Mazzocco Talent & Transformation; MG Dicks Risk Independence & Legal; *KL Hodson Corporate Finance; *TJ Brown Chairman of the Board;
Regional Leader: MN Alberts

A full list of partners and directors is available on request.

* Partner and Registered Auditor

B-BBEE rating: Level 1 contributor in terms of the DTI Generic Scorecard as per the amended Codes of Good Practice

Associate of Deloitte Africa, a Member of Deloitte Touche Tohmatsu Limited

Report of the Directors

The directors submit their report which forms part of the annual financial statements for the year ended 30 September 2018.

NATURE OF BUSINESS AND OPERATIONS

The group consists of a number of operating subsidiaries, an associate and joint ventures in the fishing and commercial cold storage and logistics industries.

The group engages 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.

SHARE CAPITAL

During the year under review, 121 550 shares (2017: 81 016 shares) were allotted in terms of the company's share scheme. Premiums totalling R1.9 million (2017: R1.2 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 20.

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 statements of comprehensive income on page 26.

SPECIAL RESOLUTIONS

During the year, the company's shareholders passed three special resolutions: to approve and authorise the provision of financial assistance by the company as contemplated in section 45 of the Companies Act; to approve the non-executive directors' remuneration in their capacity as directors only; to grant general approval and authorisation to repurchase the issued shares by the company or its subsidiaries.

ORDINARY RESOLUTION IN TERMS OF SECTION 10 OF THE JSE LISTINGS REQUIREMENTS

Effective 13 April 2018 Makimry Patronus Limited Liability Company ("Makimry"), a U.S. company majority owned and controlled by Mr Francois Kuttel (the former Chief Executive Officer of Oceana Group Limited, acquired a 75% interest in Westbank Fishing Limited Liability Company (a company 25% owned by Daybrook Fisheries Incorporated). The requisite majority of Oceana shareholders were required to vote in favour of the arrangement in terms of section 10.1(a) of the Listings Requirements of the JSE due to the deemed related party nature of certain of the agreements. The respective resolutions were passed by the requisite majority of shareholders present in person or by proxy at the general meeting held on 13 April 2018. Oceana received dispensation from the JSE for the requirement to obtain a fairness opinion in terms of section 10 of the Listings Requirements.

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 R163.7 million on replacement assets (2017: R139.7 million) and zero on expansion (2017: R14.7 million). 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.

DIRECTORS

The names of the present directors can be found on the inside back cover of the annual financial statements, along with the name, business and postal address of the company secretary.

DIRECTORS' INTERESTS IN SHARES

No direct interest in issued share capital of the company is held by the directors. The aggregate indirect beneficial interest of the directors in the issued share capital of the company at 30 September was as follows:

	NUMBER OF SHARES	
	Indirect beneficial	Aggregate
2018		
I Soomra	74 237	74 237
2017		
FP Kuttel	285 955	285 955
I Soomra	72 987	72 987

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 35.

SUBSIDIARIES, ASSOCIATE AND JOINT VENTURES

Details of subsidiaries, associate, joint ventures and joint operations are given in separate schedules on pages 76 and 77.

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:

	2018 R'000	2017 R'000
Total profit after taxation attributable to shareholders of Oceana Group Limited	901 798	508 278
Total losses after taxation attributable to shareholders of Oceana Group Limited	58 326	50 007

DIRECTORS' RESPONSIBILITY FOR ANNUAL FINANCIAL STATEMENTS

The directors are responsible for the preparation and fair presentation of the consolidated and separate annual financial statements of Oceana Group Limited, comprising the statements of financial position at 30 September 2018, 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 and the requirements of the Companies Act of South Africa and the JSE Listings Requirements.

INTERNAL CONTROL

The directors are responsible for such internal control as the directors determine is necessary 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 company and group 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.

CHANGES TO DIRECTORATE

FP Kuttel resigned from the board of directors effective 13 February 2018. GG Fortuin resigned from the board of directors effective 7 September 2018. I Soomra was appointed as chief executive officer effective 1 August 2018.

EVENTS SUBSEQUENT TO THE REPORTING DATE

No events occurred after the reporting date that may have an impact on the group's and company's reported financial position at 30 September 2018 or require separate disclosure in these financial statements.

Report of the Audit Committee

for the year ended September 2018

OVERALL ROLE, RESPONSIBILITIES AND FUNCTIONS

The Audit Committee (or "the committee") is responsible for fulfilling its statutory responsibilities under section 94(7) of the Companies Act and for providing independent oversight of, among others:

- a. the effectiveness of the organisation's assurance function and services, with particular focus on the combined assurance arrangements, including external assurance service providers, internal audit and finance function; and
- b. the integrity of the annual financial statements and, to the extent delegated by the governing body, other external reports issued by the organisation.

COMPOSITION OF THE COMMITTEE

The Audit Committee, appointed by the shareholders on 15 February 2018 to hold office until the conclusion of the next annual general meeting (AGM) scheduled for 14 February 2019, comprises three independent non-executive directors of the company, being Mr S Pather (Chairman), Ms ZBM Bassa and Mr PG de Beyer.

CHARTER

The Audit Committee has a charter, approved by the board in November 2018.

The committee's responsibilities are detailed in the charter which can be viewed on our website at www.oceana.co.za or can be requested from the Oceana Group company secretary whose contact details are available on page 79. The committee's charter allows it to consult with specialists to assist it in the performance of its functions, subject to a Board-approved process.

WORK PLAN AND MEETINGS

The committee adopted a formal work plan designed to structure execution of responsibilities over the year. The Audit Committee acts as such for Oceana's South African public company subsidiaries and Oceana US Investment Holding Corporation. It met thrice 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 attend committee meetings and 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 the findings of the external and internal auditors at board meetings.

The chief executive officer (CEO), chief financial officer (CFO), board chairman and NP Doyle (non-executive director) attend committee meetings.

APPOINTMENT OF EXTERNAL AND INTERNAL AUDITORS

In terms of section 90 of the Companies Act the committee is required to nominate an independent registered external auditor, for appointment by the shareholders at the company's AGM. The committee has nominated Deloitte & Touche (Deloitte), with Allison Legge as the designated partner for such appointment at the AGM scheduled for 14 February 2019.

Deloitte has provided the committee with the information detailed in paragraph 22.15(h) of the JSE Limited's Listings Requirements to assist the committee in their assessment of the suitability for appointment of Deloitte as the external auditors of the company and the appointment of A Legge as designated individual partner as required in terms of paragraph 3.84(g) of the JSE Limited's Listings Requirements.

Additionally, in terms of its charter, the committee is responsible for the appointment of the company's internal auditors. During the year under review a request for proposal was issued for internal audit services. The committee, after a review of the proposals submitted and presentations from the shortlisted firms, selected Ernst & Young (EY) as the company's internal auditors effective 19 March 2018. A short transition period was agreed to ensure a smooth transition from KPMG to EY and to ensure the successful completion of the 2018 internal audit plan.

The committee approves the fees of external and internal auditors and the policy, level of and scope of external non-audit services.

It 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 were appointed as the company's external auditors in 1942. C Ringwood served as the designated auditor from 17 February 2015 to 23 August 2018. A Legge replaced C Ringwood with effect from 23 August 2018. The committee considered and were satisfied with the qualifications and experience of A Legge before confirming her as designated auditor for the company. Whilst Deloitte have been the external auditors of the company for an extended period of time the committee remains of the view and is satisfied that the external auditor is independent of the company. Changes in the 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 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, 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 company's independent external auditors do not assist in the performance of any internal audit assignments. The nature and extent of all non-audit services provided by the external auditors are pre-approved and reviewed by the committee. The fees paid to the external auditor for non-audit services provided during the reporting period was within the 50% of audit fees threshold.

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 reviewed and was comfortable with the performance of the external auditor during the reporting period and with the quality of the external audit process.

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 these key audit matters were addressed. These key audit matters were:

- valuation of goodwill and indefinite useful life intangible assets;
- fishing rights, evidence of quota allocation received and compliance with permit conditions; and
- transaction with a related party to acquire a 75% interest in Westbank.

The committee is satisfied that these key audit matters were adequately and appropriately addressed in the context of the audit.

INTERNAL AUDIT

The internal audit function is outsourced and the appointment of the internal audit provider is reviewed on an annual basis. EY were appointed as the internal auditors for the reporting period having replaced KPMG. T Isaacs, a director at EY, has fulfilled the role of chief audit executive as part of the outsourced internal audit function. The internal auditors operate in terms of an internal audit charter, which was reviewed during the year, and under the direction of the Audit Committee, which approves the scope of the work to be performed. Significant findings are reported to both executive management and the Audit Committee and corrective action is taken by management to address identified internal control deficiencies. The committee is satisfied with the effectiveness and performance of both the internal audit function and the chief 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 the year whereby the status of all audit findings from the previous three years were reviewed by management on a self-assessment approach thereby ensuring more regular reporting on remediation of control findings. Audit findings were also reviewed to ensure that they remained relevant after the SAP ERP implementation. In future, EY will follow up on all significant audit findings within 12 months of managements self-assessment.

ASSURANCE

Each year the committee reviews, updates and approves an internal audit plan. The chief 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 internal and external auditors also co-ordinate their work to the extent possible to prevent duplication of effort. The committee is satisfied that the arrangements in place for combined assurance in the company are effective.

Report of the Audit Committee (*continued*)

for the year ended September 2018

CFO AND FINANCE FUNCTION

I Soomra served as the CFO of the company until 1 August 2018 when he was appointed as CEO of the company. T Giles, a chartered accountant with over 19 years' experience in Oceana, was appointed as interim CFO until such time as a permanent CFO is appointed. The recruitment process is underway and the board expects to finalise the appointment early next year. The committee is satisfied with the expertise, competence and skill of the interim CFO and with the structure, expertise, competence and skill set of the finance function and that both the CFO and finance function are effective.

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 company or the internal financial controls of the company or on any other related matter during the year under review.

GOING CONCERN

The committee reviewed the going concern assumption as required by the Companies Act.

INTERNAL CONTROLS

Oceana maintains 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 control adopted by group companies with reference to the findings of the external and internal auditors. In particular, the committee receives an opinion from the internal auditors on the design, implementation and effectiveness of the group's system of internal controls. Based on the overall ratings assigned, and in accordance with the assessment approach followed in terms of Oceana's rating framework, the group's system of internal control and financial reporting procedures is assessed to be effective. 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 company.

RISK MANAGEMENT

The committee has oversight of fraud and information technology risks. The committee fulfils an oversight role regarding financial reporting risks, internal financial controls, fraud risk as it relates to financial reporting and information technology risks as they relate to financial reporting.

COMPLIANCE AND ETHICS

An Ethics Report was provided to the committee during the year under review. The report dealt with principles and issues of a compliance and ethical nature in the group's business. No incidents of fraud were identified.

The provisions of the King IV Report, as they pertain to Audit Committees, were adhered to. The King IV application is accessible on the Oceana website at www.oceana.co.za.

INFORMATION AND TECHNOLOGY GOVERNANCE

Oceana is committed to the highest level of information and technology 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 Audit Committee biannually, covering, *inter alia*, architecture and technology, change, operations, risk, security and compliance, and strategy. An overarching Information Governance framework was rolled out in early 2018, 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.

The key strategic focus areas during the financial year were the implementation of the SAP ERP business application which went live on 15 April 2018, information and cyber security and optimising Oceana's IT infrastructure and processes to support organisational efficiencies. In responding to these strategic focus areas, structures and controls were implemented to extract maximum value from the IT function well into the future.

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 (Companies Act section 94 (7)), the JSE Limited and NSX Listings Requirements, its board mandate and charter.

- set the direction for financial reporting;
- reviewed and recommended to the board the annual financial statements, interim reports and summarised financial statements;
- reviewed and recommended to the board the Integrated Report;
- reviewed the solvency and liquidity, working capital and going-concern statements in support of the dividend declaration and provision of financial assistance;
- considered and nominated the external auditor for appointment at the AGM; 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;
- prepared this report, for inclusion in the annual financial statements; received and dealt appropriately with concerns and complaints as required;
- made submissions to the board on matters concerning the company's accounting policies;
- satisfied itself on the internal controls, financial controls, records and reporting; performed oversight functions as determined by the board; and
- satisfied itself that the appropriate financial reporting procedures are in place and are operating.

EVALUATION AND RE-ELECTION

The committee's effectiveness was externally assessed during the year. The board is satisfied, based on the results of the assessment that the committee has performed its duties effectively and that committee members as a whole have the necessary skills and experience to discharge their duties effectively.

The qualification and experience of the members is accessible on the Oceana website at www.oceana.co.za.

The board, on the recommendation of the Remuneration and Nominations Committee, have nominated the members for re-election at the upcoming Annual General Meeting in 2019.

CONCLUSION

In signing this report on behalf of the Audit 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

15 November 2018

Accounting policies

for the year ended September 2018

The principal accounting policies adopted in the preparation of these group and company annual financial statements (AFS) are set out below and are consistent in all material respects with those applied during the previous year.

1. BASIS OF PREPARATION

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

The presentation currency of the group and company AFS is South African Rand and all amounts are rounded to the nearest thousand except when 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 Companies Act of South Africa.

The JSE Listings Requirements require annual financial statements to be prepared in accordance with International Financial Reporting Standards (IFRS) and the SAICA Financial Reporting Guidelines as issued by the Accounting Practices Committee and Financial 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 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.

Consolidation of a subsidiary begins 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, have the same financial year-end. 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 assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the group are eliminated in full on consolidation.

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 at the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests.

4. 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.

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. Under the equity method, an investment in an associate or a joint venture is carried at cost less any accumulated impairment in the consolidated statement of financial position plus the group's share of the net post-acquisition profit or loss and other comprehensive income, if applicable, of the associate or joint venture. In the statement of comprehensive income the group recognises its share of after-tax profits or losses and other comprehensive income. 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.

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.

Unrealised profits or losses from transactions between group entities and an associate or joint venture are eliminated to the extent of the group's interest.

5. 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.
- 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.

Accounting policies (continued)

for the year ended September 2018

6. FOREIGN CURRENCY TRANSLATION

The financial results of entities in the group are accounted for in its functional currency.

The functional currency of the company is the South African rand. Certain individual entities in the group have different functional currencies and are translated on consolidation. The presentation currency of the group and company AFS is the South African rand.

Translation of foreign currency transactions and balances

Initial recognition

Transactions in foreign currencies are translated at exchange rates prevailing at the date of the transaction.

Subsequent measurement

Monetary assets and liabilities are translated at exchange rates prevailing at the reporting date. Non-monetary items carried at cost are translated using the exchange rate at the date of the transaction, while assets carried at fair value are translated at the exchange rate when the fair value was determined.

Exchange differences on monetary items are recognised 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.

Exchange differences 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.

7. REVENUE

Revenue comprises the fair value of consideration received or receivable for fish related goods delivered and cold storage and logistics services rendered during the year. Revenue is stated excluding value added tax, net of related rebates and discounts granted and after eliminating sales transactions within the group.

Revenue is recognised on the following basis:

Sale of goods

Revenue from the sale of fish related goods is recognised when the significant risks and rewards of ownership have been transferred to the buyer, the associated costs and possible return of goods can be reliably estimated and measured, there is no continuing management involvement and it is probable that the economic benefits associated with the transaction will flow to the group.

Services

Revenue from services relate to the storage, handling and transport of goods on behalf of third parties and is recognised when the contracted service is rendered.

Company services relate to administration services provided to subsidiaries within the group.

Interest received

Interest received is recognised as interest accrues using the effective interest rate implicit in the instrument.

Dividend income

Dividend income is recognised when the shareholder's right to receive payment is established.

8. 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.

9. EMPLOYEE BENEFITS

Short-term employee benefits

Remuneration of employees is recognised in the statement of comprehensive income as the services are rendered, except for non-accumulating benefits which are only recognised when the specific event occurs. Provision is made for accumulated leave 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. Contributions are recognised in the statement of comprehensive income in the period in which the service is rendered by the relevant employees.

Post-retirement medical obligations

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 potential liability in respect of eligible retirees has been provided for in the financial statements using the Projected Unit Credit Method. Independent actuaries carry out annual valuations of these obligations. Actuarial gains and losses are recognised immediately in profit or loss in the statement of comprehensive income.

10. 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 29 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.

11. LEASES

Leases are classified as operating leases, where substantially all the risks and rewards associated with ownership of the asset are not transferred from the lessor to the lessee.

Operating lease rentals are recognised in the statement of comprehensive income on the straight-line basis over the lease term. The resulting difference arising from the straight-line basis and contractual cash flows is recognised as an operating lease obligation or asset.

Contingent rental income and expenses are recognised when incurred.

Accounting policies (continued)

for the year ended September 2018

12. INTEREST PAID

Interest paid 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.

13. TAXATION

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

Current taxation

The current tax charge is the expected tax payable on the taxable income for the period. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date.

Deferred taxation

The provision for deferred tax assets and liabilities reflects the tax consequences that would follow from the expected manner of recovery of the carrying amount of the group's assets and liabilities.

Deferred taxation is provided for all temporary differences at the reporting date between the carrying amounts for financial reporting purposes and the tax bases of assets and liabilities.

Deferred tax assets are recognised for deductible temporary differences to the extent that it is probable that the related tax benefit will be realised in the foreseeable future against future taxable profit. The carrying value of a deferred tax asset is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow the benefit of part, or all, of the asset to be utilised.

Deferred tax is not recognised for temporary differences from the initial recognition of goodwill and the initial recognition of assets and liabilities that is not a business combination, and at the time of the transaction affects neither accounting nor taxable profit or loss.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the reporting date.

Deferred tax assets and liabilities are offset if the group has a legally enforceable right to set off current assets against current liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on the same taxable entity.

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.

14. DIVIDENDS

Dividends payable and the related taxation thereon are recognised as liabilities in the period in which the dividends are declared.

15. PROPERTY, PLANT AND EQUIPMENT

Initial recognition

Property, plant and equipment are initially recognised at cost, being the cash price equivalent at the recognition date. The cost of an asset comprises any costs incurred in bringing the asset to the location and condition necessary for it to operate as intended by management.

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.

Leasehold land and buildings

Improvements to leasehold property are capitalised and depreciated to expected residual value over the remaining period of 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.

15. PROPERTY, PLANT AND EQUIPMENT *continued*

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable 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 probable 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	5
Buildings – leasehold	5 – 10
Plant and equipment	10 – 20
Office equipment	10 – 50
Motor vehicles	20 – 25
Fishing vessels and nets	10 – 33

Residual value as percentage of cost:

	%
Buildings – freehold	1 – 20
Buildings – leasehold	0
Plant and equipment	1 – 2
Office equipment	2
Motor vehicles	2 – 20
Fishing vessels and nets	4 – 79

Derecognition

An item of property, plant and equipment is derecognised on disposal or when no future economic benefits are expected through its continued use or disposal. 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.

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

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.

Accounting policies (continued)

for the year ended September 2018

15. PROPERTY, PLANT AND EQUIPMENT *continued*

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.

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.

16. 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 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 losses.

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.

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.

17. INTANGIBLE ASSETS (OTHER THAN GOODWILL – SEE ACCOUNTING POLICY NOTE 16)

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	7 – 11
Customer relations	6
Non-competes	5 – 10
Computer software	2 – 12

Impairment

Intangible assets 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.

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 CGUs 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.

18. FINANCIAL INSTRUMENTS

Financial instruments are initially recognised if the group becomes a party to the contractual provisions of the instrument. Financial assets and liabilities are initially measured at fair value. For instruments not recognised at fair value through profit or loss, any directly attributable transaction costs are included in the carrying value.

Financial assets

Financial assets recognised in the statement of financial position include investments and loans, cash and cash equivalents, trade and other receivables and derivative financial assets.

Investments consist of unlisted equities. They are recorded at original cost, subject to an annual impairment review.

Loans are stated at their amortised costs, reduced by provisions for estimated irrecoverable amounts.

Cash and cash equivalents consisting of cash on hand and short-term deposits held with banks and are available for use by the group, are measured initially at fair value. Cash and cash equivalents are subsequently measured at amortised cost.

Accounting policies (continued)

for the year ended September 2018

18. FINANCIAL INSTRUMENTS *continued*

For purposes of the statement of cash flows, cash and cash equivalents are stated net of bank overdrafts.

Trade and other receivables are recognised at originated cost less allowance for credit notes to be issued. Provisions for irrecoverable amounts are recognised in profit or loss when there is objective evidence that the asset is impaired. Amounts considered irrecoverable are written off against the provision, and recovery of amounts subsequently written off are recognised in profit or loss.

Derivative financial assets are initially recognised at cost 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.

Financial instruments are offset 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.

Financial assets are derecognised when substantially all the risks and rewards of ownership are transferred to another entity.

Impairment

Financial assets are assessed at each reporting date to determine whether there is any objective evidence that they are impaired.

A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the original effective interest rate.

Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.

All impairment losses are recognised in profit or loss.

An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognised. For financial assets measured at amortised cost, the reversal is recognised in profit or loss.

Financial liabilities and equity instruments

Classification as debt or equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the group after deducting all of its liabilities. Issued share capital and premium are recorded at the amount of the proceeds received.

Financial liabilities

Financial liabilities consist of long-term loans, trade and other payables, put option and other derivative financial liabilities. Financial liabilities are initially recorded at cost and subsequently measured at amortised cost.

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

Transaction costs capitalised to the carrying value of financial liabilities are amortised to profit or loss using the effective interest rate method.

Trade and other payables

Subsequent to initial recognition, trade and other payables are measured at amortised cost.

Long-term loans

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.

Put arrangements over remaining shareholders of an associate company

Written put options on shares of an associate held give rise to a financial liability. The liability that may be payable under the arrangement is initially recognised at fair value. Subsequent changes to the fair value of the liability are recognised in profit or loss.

Derivative financial liabilities

Derivative financial liabilities are initially recorded at cost 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.

19. HEDGE ACCOUNTING

When a derivative instrument is designated as a hedging instrument in an effective hedge, the effective part of any gain or loss arising on the derivative instrument are 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. If the expected future transaction results in the recognition of an asset or liability, the associated gain or loss is transferred from the hedging reserve to the underlying asset or liability.

20. 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 first-in first-out and weighted average methods are used to value finished goods and consumable stores.

The cost of inventories comprises the cost of raw materials, direct labour and other direct cost and related production overheads. Indirect cost allocated to inventories includes depreciation and certain other operating expenses.

Redundant and slow-moving inventories are identified and written down to their estimated net realisable values.

21. NON-CURRENT ASSETS HELD FOR SALE

Non-current assets are classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use. The asset must be available for immediate sale in its present condition within one year from the date of classification. Non-current assets held for sale are measured at the lower of the assets previous carrying amount and fair value less costs to sell. Gains and losses arising upon remeasurement are recognised in the statement of comprehensive income.

22. 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.

23. PROVISIONS

Provisions are recognised when the group has a present legal or constructive obligation as a result of past events, for which it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

24. 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 orderly 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.

25. 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.

26. EARNINGS PER SHARE

Earnings and headline earnings per share are calculated by dividing net profit attributable to owners of the parent and headline earnings respectively, by the weighted average number of ordinary shares in issue during the year excluding treasury shares held by the group.

For diluted earnings per share, the weighted average number of ordinary shares in issue is adjusted to assume conversion of all ordinary shares with dilutive potential. Headline earnings and diluted headline earnings per share are calculated in accordance with the circular 4/2018 issued by the South African Institute of Chartered Accountants as required by the JSE Listings Requirements.

Accounting policies (continued)

for the year ended September 2018

27. HYPERINFLATION

The statement of comprehensive income and statement of financial position of the group entities whose functional currencies are the currencies of hyperinflationary economies are adjusted in terms of the measuring unit current at the end of the reporting period.

As the presentation currency of the group is that of a non-hyperinflationary economy, comparative amounts are not adjusted for changes in the price level or exchange rates in the current year. Differences between these comparative amounts and the hyperinflation adjusted equity opening balances are recognised in other comprehensive income.

The carrying amounts of non-monetary assets and liabilities are adjusted to reflect the change in the general price index from the date of acquisition to the end of the reporting period. An impairment loss is recognised in profit or loss if the restated amount of a non-monetary item exceeds its estimated recoverable amount.

Gains or losses on the net monetary position are recognised in profit or loss.

All items recognised in the statement of comprehensive income are restated by applying the change in the general price index from the dates when the items of income and expenses were initially earned or incurred.

At the beginning of the first period of application, the components of owners' equity, except retained earnings, are restated by applying a general price index from the dates the components were contributed or otherwise arose. These restatements are recognised in other comprehensive income. Restated retained earnings are derived from all other amounts in the restated statement of financial position.

At the end of the first reporting period and in the subsequent periods, all components of owners' equity are restated by applying a general price index from the beginning of the period or the date of contribution, if later.

28. SEGMENT REPORTING

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. 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 and hake: harvests and processes horse mackerel at sea and markets and sells the derived products to targeted markets in Southern, Central and Western Africa. Additionally this segment harvests and processes hake and markets and sells frozen and fresh products in South Africa and to international markets.
- Lobster and squid: harvests and processes lobster and squid and markets and sells derived products 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.

29. USE OF ESTIMATES AND JUDGEMENTS IN THE PREPARATION OF ANNUAL FINANCIAL STATEMENTS

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. Estimates and assumptions are based on historical experience and expectation of future events and are reviewed on an ongoing basis. Actual results could differ from these estimates which may be material to the financial statements within the next financial period.

Judgements made by management that could have a significant effect on the carrying amounts recognised in the 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. The useful lives and residual values of the assets are determined by management when the asset is acquired and then reviewed annually thereafter. The lives are based on management's historical experience with similar assets as well as management's anticipation of future events or market conditions which may impact their life.

Refer to note 10 for further detail.

- **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. Refer to note 29 for further details.

- **Impairment of intangible assets**

An annual assessment is made, as set out in note 11, as to whether the carrying value of goodwill, intellectual property, customer relations, non-competes, trademarks and fishing rights are impaired. Judgements and estimates are made by the directors 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.

- **Fair value of financial instruments**

The fair value for the majority of the group's financial instruments that are designated at fair value through profit or loss or that are classified as held for hedging are based on observable market prices or derived from observable market parameters. In 2017, the most significant element of the group's financial instruments in which observable prices are not available relates to the put option between Daybrook Fisheries Incorporated and the remaining shareholders in Westbank Fishing Limited Liability Company (refer to note 23).

Judgements are made by the directors in determining the present value of future cash flows used to determine the fair value of the put option.

- **Taxation**

The group is subject to income tax in a number of jurisdictions. The calculation of the group's tax charge involves a degree of estimation and judgement in respect of certain items whose tax treatment cannot be finally determined until resolution has been reached with the relevant tax authority. Refer to note 7 for further details.

- **Disclosures of standards not yet effective – Impact of IFRS 9 and 16**

The group exercised judgement in calculating the impact of the standards not yet effective. In terms of IFRS 9 judgements are made in calculating the expected credit losses. In terms of IFRS 16 the most significant judgements are the determination of the lease term; lease extension periods and lease termination options.

Accounting policies (continued)

for the year ended September 2018

30. USE OF ESTIMATES AND JUDGEMENTS IN THE PREPARATION OF ANNUAL FINANCIAL STATEMENTS *continued*

- **Hyperinflation**

The group exercises judgement in determining the onset of hyperinflation in countries in which it operates and whether the functional currency of its subsidiaries, joint ventures and associate is the currency of a hyperinflationary economy

Judgements are made in assessing various characteristics of the economic environment of each country to determine whether an economy is hyperinflationary or not. These characteristics include, but are not limited to the following:

- Prices are quoted in a relatively stable foreign currency;
- Interest rates, wages and prices are linked to a price index; and
- The cumulative inflation rate over three years is approaching, or exceeds, 100%.

Management exercises judgement as to when a restatement of the financial statements of the group entity becomes necessary.

The economy of Angola was assessed to be hyperinflationary for the year ended 30 September 2018. Accordingly, the results and financial position of the group's Angolan subsidiaries and joint ventures have been expressed in terms of the measuring units current at the reporting date.

The hyperinflation impact increased the groups results with R18.0 million (2017: R24.0 million), which arose from the net monetary position, and recognised in other comprehensive income.

The general price indices, as published by the National Institute of Statistics of Angola, were used in adjusting the historic cost local currency results and financial position of the group's Angolan joint venture. The published inflation rate of 21.6% was used to estimate a general price index of 227.21% at the end of the reporting period. An average factor for the current reporting period of 1.1 was applied to restate the results of the Angolan subsidiary and joint venture of the group. As at 30 September 2018, the cumulative three-year inflation rate was 110%.

Further information is provided in the relevant notes to the financial statements.

ADOPTION OF NEW AND REVISED STANDARDS

ACCOUNTING STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE

At the date of approval of these financial statements, the following relevant new or revised standards and interpretations were in issue, but not yet effective:

Standards applicable to Oceana for the year ending 30 September 2019:

- IFRS 2 (amendments) – effective for annual periods beginning on or after 1 January 2018.

The amendments clarify the classification and measurement of share-based payment transactions. The amendments addresses three main areas: (1) The effects of vesting conditions on the measurement of a cash-settled share-based payment; (2) The accounting requirements for a modification of the terms and conditions of a share-based payment that changes the classification of the transaction from cash-settled to equity-settled; and (3) Classification of share-based payment transactions with net settlement features.

The group assessed the potential impact of this amendment but does not expect that there will be a significant impact on its separate and consolidated financial statements.

- IFRS 15 Revenue from Contracts with Customers – effective for annual periods beginning on or after 1 January 2018.

This new standard establishes a five-step model that will apply to revenue arising from contracts with customers. Revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The principles in IFRS 15 provide a more structured approach to measuring and recognising revenue.

The group recognises revenue from sale of goods and services relating to storage, handling and transport of goods. The majority of the groups revenue is recognised when significant risk and rewards have transferred or when services are rendered, currently consistent with the requirements of IFRS 15.

The group assessed the potential impact of this standard and identified the following area that is likely to be affected.

Bulk and distribution allowances: IFRS 15 requires the group to estimate the value of the allowances and recognise the amount against revenue. The group currently discloses this under selling and distribution expenses.

- IFRS 9 Financial Instruments – effective for annual periods beginning on or after 1 January 2018.

This standard introduces new requirements for classification and measurement, impairment, and hedge accounting.

IFRS 9 introduces a new approach to the classification of financial assets, which is driven by the business model in which the asset is held and their cash flow characteristics. The new model introduces a single impairment model being applied to all financial instruments, as well as an “expected credit loss” model for the measurement of financial assets. IFRS 9 contains a new model for hedge accounting that aligns the accounting treatment with the risk management activities of an entity, in addition enhanced disclosures will provide better information about risk management and the effect of hedge accounting on the financial statements.

Based on an assessment the group does not expect that IFRS 9 will significantly impact its accounting treatment of intercompany loans, its measurement of forward exchange contracts and interest rate swap contracts nor its application of hedge accounting. The group also does not expect a material impact on existing provisions for credit losses other than additional disclosure requirements.

Standards applicable to Oceana for the year ending 30 September 2020:

- IFRS 16 Leases – effective for annual periods beginning on or after 1 January 2019.

IFRS 16 introduces a single, on-balance sheet lease accounting model for lessees. A lessee recognises a right-of-use asset representing its right to use the underlying asset and a corresponding lease liability representing its obligation to make lease payments. There are optional exemptions for short-term leases and leases of low value items.

The group continues to assess the impact on its separate and consolidated financial statements. So far, the most significant impact identified is that the group will recognise new assets and liabilities for its operating leases of commercial cold storage facilities. In addition, the nature of expenses related to those leases will now change as IFRS 16 more or less replaces the straight-line operating lease expense with a depreciation charge for right-of-use assets and interest expense on lease liabilities.

ADOPTION OF NEW AND REVISED STANDARDS

During the year, the group adopted the following revised standards for the first time which did not have a material impact on the annual financial statements.

- IAS 7 Cash Flow Statements (amendments).
- IAS 12 Income Taxes (amendments).

Statements of comprehensive income

for the year ended 30 September 2018

	Notes	GROUP		COMPANY	
		2018 R'000	2017 R'000	2018 R'000	2017 R'000
Revenue	1	7 732 692	6 807 927	465 802	541 192
Cost of sales		4 823 816	4 360 013		
Gross profit		2 908 876	2 447 914	465 802	541 192
Sales and distribution expenditure		610 553	548 078		
Marketing expenditure		55 184	48 299		
Overhead expenditure		1 068 033	795 533	190 119	142 824
Net foreign exchange (gain)/loss		(19 248)	60 940	(2 936)	(3 962)
Operating profit before associate and joint venture income	2	1 194 354	995 064	278 619	402 330
Associate and joint venture (loss)/income	15	(5 447)	6 364		
Operating profit before other operating items		1 188 907	1 001 428	278 619	402 330
Other operating (expense)/income items	4	(14 091)	8 701		(22)
Operating profit		1 174 816	1 010 129	278 619	402 308
Investment income	5	40 767	29 248	28 386	28 345
Interest paid	6	(332 532)	(372 405)	(21 124)	(27 815)
Profit before taxation		883 051	666 972	285 881	402 838
Taxation	7	810	187 622	5 508	7 169
Profit after taxation		882 241	479 350	280 373	395 669
Other comprehensive income					
Items that may be reclassified subsequently to profit or loss:					
Movement on foreign currency translation reserve including hyperinflation effect		212 903	(145 763)		
Movement on foreign currency translation reserve from associate and joint ventures including hyperinflation effect		8 214	(8 234)		
Movement on cash flow hedging reserve		24 845	9 438		
Income tax related to (profit)/loss recognised in equity		(5 813)	70		
Other comprehensive income/(loss), net of taxation		240 149	(144 489)		
Total comprehensive income for the year		1 122 390	334 861		
Profit after taxation attributable to:					
Shareholders of Oceana Group Limited		857 831	468 310		
Non-controlling interests		24 410	11 040		
		882 241	479 350		
Total comprehensive income attributable to:					
Shareholders of Oceana Group Limited		1 097 980	323 821		
Non-controlling interests		24 410	11 040		
		1 122 390	334 861		
Earnings per share (cents)	8				
– Basic		734.6	401.3		
– Diluted		674.6	366.5		

Statements of financial position

at 30 September 2018

	Notes	GROUP		COMPANY	
		2018 R'000	2017 R'000	2018 R'000	2017 R'000
ASSETS					
Non-current assets		6 685 126	6 493 594	3 480 284	3 474 190
Property, plant and equipment	10	1 586 626	1 604 099	18 260	28 320
Intangible assets	11	4 617 278	4 434 878	86 687	64 792
Derivative assets	12	17 398	1 837		
Deferred taxation	13	29 338	27 616	16 472	21 689
Investments and loans	14	122 495	115 424	588	588
Interest in subsidiaries, associate and joint ventures	15	311 991	309 740	3 310 402	3 310 402
Loan receivable from Oceana Group Share Trust	16			470	502
Loan receivable from Oceana Empowerment Trust	17			47 405	47 897
Current assets		4 014 355	3 549 631	436 893	514 871
Inventories	18	1 467 239	1 201 049		
Accounts receivable	19	1 502 331	1 071 444	61 972	33 976
Taxation		29 725	55 098		
Amounts owing by subsidiaries, associate and joint ventures	15			78 244	79 979
Cash and cash equivalents	27.7	1 015 060	1 222 040	296 677	400 916
Total assets		10 699 481	10 043 225	3 917 177	3 989 061
EQUITY AND LIABILITIES					
Capital and reserves		4 721 969	3 756 629	1 752 538	1 626 056
Stated capital	20	1 189 482	1 184 194	1 304 948	1 301 513
Foreign currency translation reserve		487 029	265 912		
Cash flow hedging reserve	21	6 884	(12 148)		
Share-based payment reserve	29	90 535	92 586	19 602	25 139
Distributable reserve		2 851 418	2 134 148	427 988	299 404
Interest of own shareholders		4 625 348	3 664 692	1 752 538	1 626 056
Non-controlling interests	31	96 621	91 937		
Non-current liabilities		3 818 656	3 924 245	4 331	8 237
Liability for share-based payments	29	10 145	17 019	4 331	8 237
Long-term loan	22	3 339 750	3 209 875		
Derivative liabilities	23		6 283		
Deferred taxation	13	468 761	691 068		
Current liabilities		2 158 856	2 362 351	2 160 308	2 354 768
Accounts payable	24	1 661 810	1 178 731	80 911	68 454
Current portion – long-term loan	22	427 351	954 026		
Current portion – derivative liabilities	23		164 181		
Provisions	25	49 673	43 210		
Amounts owing to subsidiaries, associate and joint ventures	15			2 079 255	2 286 311
Taxation		20 022	22 203	142	3
Total equity and liabilities		10 699 481	10 043 225	3 917 177	3 989 061

Statements of changes in equity

for the year ended 30 September 2018

	Notes	Stated capital R'000	Foreign currency translation reserve R'000	Capital redemption reserve R'000
Group				
Balance at 1 October 2016		1 188 680	419 909	130
Total comprehensive income for the year			(153 997)	
Movement on foreign currency translation reserve			(145 763)	
Movement on foreign currency translation reserve from associate and joint ventures			(8 234)	
Movement on cash flow hedging reserve	21			
Income tax related to loss recognised in equity				
Profit after taxation				
Transfers between reserves		(5 721)		(130)
Decrease in treasury shares held by share trusts		1 235		
Share-based payment expense	29			
Share-based payment exercised				
Profit on sale of treasury shares				
Oceana Empowerment Trust dividend distribution				
Dividends	9			
Balance at 30 September 2017		1 184 194	265 912	
Total comprehensive income for the year			221 117	
Movement on foreign currency translation reserve including hyperinflation effect			212 903	
Movement on foreign currency translation reserve from associate and joint ventures including hyperinflation effect			8 214	
Movement on cash flow hedging reserve	21			
Income tax related to profit/(loss) recognised in equity	21			
Profit after taxation				
Transfers between reserves		3 435		
Decrease in treasury shares held by share trusts		1 853		
Share-based payment expense	29			
Share-based payment exercised	29			
Profit on sale of treasury shares				
Movement on change in shareholding				
Oceana Empowerment Trust dividend distribution				
Dividends	9			
Balance at 30 September 2018		1 189 482	487 029	
Company				
Balance at 1 October 2016		1 307 234		
Total comprehensive income for the year				
Share-based payment expense	29			
Share-based payment exercised				
Transfer between reserves		(5 721)		
Dividends	9			
Balance at 30 September 2017		1 301 513		
Total comprehensive income for the year				
Share-based payment expense	29			
Share-based payment exercised				
Transfer from subsidiaries				
Transfer between reserves		3 435		
Dividends	9			
Balance at 30 September 2018		1 304 948		

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
(21 656)	102 083	2 215 919	3 905 065	102 634	4 007 699
9 508		468 310	323 821	11 040	334 861
			(145 763)		(145 763)
			(8 234)		(8 234)
9 438			9 438		9 438
70			70		70
		468 310	468 310	11 040	479 350
	5 721	130			
			1 235		1 235
	9 522		9 522	142	9 664
	(24 740)		(24 740)		(24 740)
		1 153	1 153		1 153
		(29 734)	(29 734)		(29 734)
		(521 630)	(521 630)	(21 879)	(543 509)
(12 148)	92 586	2 134 148	3 664 692	91 937	3 756 629
19 032		857 831	1 097 980	24 410	1 122 390
			212 903		212 903
			8 214		8 214
24 845			24 845		24 845
(5 813)			(5 813)		(5 813)
		857 831	857 831	24 410	882 241
	(3 435)				
			1 853		1 853
	12 401		12 401	55	12 456
	(11 017)		(11 017)		(11 017)
		1 671	1 671		1 671
		(4 116)	(4 116)	4 116	
		(7 304)	(7 304)		(7 304)
		(130 812)	(130 812)	(23 897)	(154 709)
6 884	90 535	2 851 418	4 625 348	96 621	4 721 969
	28 393	509 537	1 845 164		1 845 164
		395 669	395 669		395 669
	6 073		6 073		6 073
	(15 048)		(15 048)		(15 048)
	5 721				
		(605 802)	(605 802)		(605 802)
	25 139	299 404	1 626 056		1 626 056
		280 373	280 373		280 373
	2 988		2 988		2 988
	(5 321)		(5 321)		(5 321)
	231		231		231
	(3 435)				
		(151 789)	(151 789)		(151 789)
	19 602	427 988	1 752 538		1 752 538

Statements of cash flows

for the year ended 30 September 2018

	Notes	GROUP		COMPANY	
		2018 R'000	2017 R'000	2018 R'000	2017 R'000
Cash operating profit	27.1	1 492 259	1 146 669	292 130	378 082
Working capital changes	27.2	(189 366)	560 579	(15 539)	(10 178)
Cash generated from operations		1 302 893	1 707 248	276 591	367 904
Investment income received		41 607	37 966	28 386	28 345
Interest paid		(296 845)	(344 895)	(21 124)	(27 815)
Taxation paid	27.3	(217 036)	(148 456)	(26)	(5 115)
Dividends paid	27.4	(162 013)	(573 243)	(151 789)	(605 802)
Net cash inflow/(outflow) from operating activities		668 606	678 620	132 038	(242 483)
Cash (outflow)/inflow from investing activities		(180 928)	(191 097)	(23 900)	55 291
Replacement capital expenditure		(163 742)	(139 746)	(5 970)	(13 155)
Expansion capital expenditure			(14 730)		
Replacement of intangible assets		(20 469)	(38 772)	(20 370)	(38 726)
Proceeds on disposal of property, plant and equipment		10 031	15 900		
Payment on disposal of non-current assets held for sale	27.5		(2 900)		
Proceeds on disposal of business	27.6	8 000			
Movement on loans and advances		(14 748)	(11 167)		
Decrease in investment			318		318
Movement on amounts owing by subsidiaries and joint ventures				2 440	106 854
Cash (outflow)/inflow from financing activities		(720 152)	(553 613)	(212 377)	230 204
Proceeds from issue of share capital		3 523	2 387		
Short-term borrowings repaid	22	(507 589)	(831 260)		
Long-term loan raised			300 000		
Equity-settled share-based payment		(11 017)	(24 740)	(5 321)	(15 048)
Cost associated with debt refinancing		(2 170)			
Settlement of put option		(202 899)			
Movement on amounts owing to subsidiaries and joint ventures				(207 056)	245 252
Net (decrease)/increase in cash and cash equivalents		(232 474)	(66 090)	(104 239)	43 012
Net cash and cash equivalents at the beginning of the year		1 222 040	1 312 942	400 916	357 904
Effect of exchange rate changes		25 494	(24 812)		
Net cash and cash equivalents at the end of the year	27.7	1 015 060	1 222 040	296 677	400 916

Notes to the annual financial statements

for the year ended 30 September 2018

	GROUP		COMPANY	
	2018 R'000	2017 R'000	2018 R'000	2017 R'000
1. REVENUE				
The main categories of revenue are set out below:				
Sale of goods				
Canned fish and fishmeal (Africa)	4 054 601	3 768 707		
Fishmeal and fish oil (USA)	1 789 118	1 438 605		
Horse mackerel and hake	1 287 067	1 054 153		
Lobster and squid	180 510	144 907		
Rendering of services				
Commercial cold storage and logistics	421 396	401 555		
Administration fees from subsidiaries, associate and joint ventures			199 786	155 560
Dividends received from subsidiaries, associate and joint ventures			266 016	385 632
	7 732 692	6 807 927	465 802	541 192
2. OPERATING PROFIT BEFORE ASSOCIATE AND JOINT VENTURE INCOME				
Operating profit before associate and joint venture income is arrived at after taking into account the following items:				
Income				
Directors' fees from a joint venture			13	9
Foreign exchange gain	19 248		2 936	3 962
Profit on change of interest in investment		122		122
Share-based payments – cash-settled compensation scheme	2 498	7 475	2 392	4 367
Expenditure				
Foreign exchange loss		60 940		
Loss on fair value movements arising from derivative instruments	39 908	243		
Other comprehensive loss recycled to profit or loss	5 325			
Loan written off	4 495			
Net loss on disposal of property, plant and equipment and intangible assets	6	1 200		94
Auditors' remuneration				
Fees for audit – current year	9 526	8 706	2 179	1 520
Fees for audit – prior year underprovision/(overprovision)	82	(88)	(205)	
Expenses	237	101		
Other services	4 344	5 662	2 415	615
	14 189	14 381	4 389	2 135
Depreciation of property, plant and equipment				
Buildings	28 754	29 664	125	125
Plant, equipment and motor vehicles	95 581	91 797	4 699	4 381
Fishing vessels and nets	85 056	56 809		
	209 391	178 270	4 824	4 506
Amortisation of intangible assets				
Fishing rights	24 991	25 016		
Computer software	9 795	8 346	9 681	5 837
Non-competes	16 638	16 419		
Customer relations	7 891	7 787		
	59 315	57 568	9 681	5 837
Administrative, technical and secretarial fees	36 985	22 909	6 922	7 107
Operating lease expenses				
Properties	94 510	107 847	3 529	4 467
Equipment and vehicles	15 890	21 212		
Employment costs	1 057 589	908 248	98 509	71 223
Retirement costs	57 630	56 986	6 835	7 332
Share-based payments – equity-settled compensation scheme	12 456	8 999	2 988	5 931
Share-based payments – Oceana Empowerment Trust		663		142

Notes to the summarised consolidated financial statements *(continued)*

for the year ended September 2018

2018 Segment	GROUP							
	Canned fish and fishmeal (Africa) R'000	Fishmeal and fish oil (USA) R'000	Horse mackerel and hake R'000	Lobster and squid R'000	Commercial cold storage and logistics R'000	Deferred taxation R'000	Financing ³ R'000	Total R'000
3. SEGMENTAL RESULTS								
Operating results								
Revenue	4 054 601	1 789 118	1 287 067	180 510	421 396			7 732 692
Operating profit before other operating items	436 710	392 638	255 615	32 212	71 732			1 188 907
Other operating items		(25 588)	3 497		8 000			(14 091)
Operating profit	436 710	367 050	259 112	32 212	79 732			1 174 816
Investment income	32 275	1 544	6 870	72	6			40 767
Interest paid	(226 241)	(99 814)	(5 789)	(153)	(535)			(332 532)
Profit before taxation	242 744	268 780	260 193	32 131	79 203			883 051
Taxation	68 937	(194 012)	86 158	9 180	30 547			810
Profit after tax for the year	173 807	462 792	174 035	22 951	48 656			882 241
The above profit for the year include the following:								
Depreciation and amortisation	62 465	95 828	85 746	2 704	21 963			268 706
Statements of financial position								
Total assets	2 214 412	6 476 246	533 082	28 312	280 950	29 334	1 137 145	10 699 481
Total liabilities	946 144	376 923	284 807	27 725	93 583	468 761	3 779 569	5 977 512
The above amounts of assets and liabilities include the following:								
Interest in associate and joint ventures	89 257	222 732		1				311 990
2018 Region	South Africa and Namibia R'000	Other Africa R'000	North America R'000	Europe R'000	Far East R'000	Other R'000	Total R'000	
Revenue¹	3 942 116	778 539	1 199 893	1 161 660	432 238	218 246	7 732 692	
Non-current assets²	849 191		5 354 713				6 203 904	

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

2017 Region	South Africa and Namibia R'000	Other Africa R'000	North America R'000	Europe R'000	Far East R'000	Other R'000	Total R'000
Revenue¹	3 641 248	412 486	1 137 749	753 315	623 775	239 354	6 807 927
Non-current assets²	888 863		5 150 114				6 038 977

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

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

Canned fish and fishmeal R1.1 billion (2017: R1.3 billion), horse mackerel and hake R33.2 million (2017: R23.1 million) and commercial cold storage and logistics R78.8 million (2017: R68.3 million).

Notes:

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

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

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

Notes to the summarised consolidated financial statements (continued)

for the year ended September 2018

	GROUP		COMPANY	
	2018 R'000	2017 R'000	2018 R'000	2017 R'000
4. OTHER OPERATING (EXPENSE)/INCOME ITEMS				
Transaction costs ¹	(25 588)			
Profit on the disposal of immovable property		11 601		
Profit on disposal of fishing vessel	3 497			
Loss profit on disposal of non-current assets held for sale ²		(2 900)		
Profit/(loss) on disposal of business ³	8 000			(22)
	(14 091)	8 701		(22)
Notes:				
¹ Transaction costs relates to the extension of the Westbank Fishing Limited Liability Company ("Westbank") operating agreement and subsequent change of the Westbank majority shareholding.				
² The R2.9 million relates to a claim settled in relation to the sale of the CCS fruit business in 2016.				
³ The R8.0 million relates to profit on sale of the CCS Linebooker transport business.				
5. INVESTMENT INCOME				
Subsidiaries			7 166	20 631
Bank and short-term deposits	25 419	9 447	21 220	7 694
Loans to joint ventures and supply partners	14 477	15 839		
Other loans	478	1 806		
Other	393	2 156		20
	40 767	29 248	28 386	28 345
6. INTEREST PAID				
Subsidiaries			20 980	21 325
Bank	9 806	16 850	144	6 484
Interest on amortised loans	319 216	353 482		
Other	3 510	2 073		6
	332 532	372 405	21 124	27 815
7. TAXATION				
7.1 South African current taxation				
Current year	135 636	42 171		
Adjustments in respect of previous years	1 911	(3 561)		(5 209)
Capital gains tax	1 794			
	139 341	38 610		(5 209)
7.2 Foreign current taxation				
Current year	119 184	150 581		
Adjustments in respect of previous years	(27 518)	(27 606)		
Withholding tax	9 943	13 452	165	12 081
	240 950	175 037	165	6 872
7.3 South African deferred taxation				
Current year	13 832	26 667	6 816	5 443
Adjustments in respect of previous years	(2 449)	(9 855)	(1 473)	(5 146)
	252 333	191 849	5 508	7 169
7.4 Foreign deferred taxation				
Current year	(15 103)	915		
Adjustments in respect of previous years	1 400	(5 142)		
Adjustments in respect of change in tax rate ¹	(237 820)			
Taxation charge	810	187 622	5 508	7 169

Notes:

¹ This adjustment relates to a USD18.6 million release in Daybrook Fisheries Incorporated following the reduction in the federal corporate tax rate in the United States of America from 35% to 21%.

	GROUP		COMPANY	
	2018 %	2017 %	2018 %	2017 %
7. TAXATION <i>continued</i>				
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	0.1	28.1	1.9	1.8
Adjustment to rate due to:				
Dividend income			26.1	26.8
Net effect of tax losses	0.3	0.3		(0.1)
Adjustment in respect of previous years	3.0	6.9	0.5	2.6
Foreign taxation rate differentials and withholding taxes	(0.9)	(7.6)	(0.1)	(3.0)
Adjustment in respect of change in tax rate	26.9			
Associate and joint venture income	(1.1)	(0.3)		
Exempt income arising from capital profits and foreign exchange gains			0.5	
Capital gains tax	(0.2)			
Tax allowances	0.9	1.7		
Expenses not allowable for taxation	(1.0)	(1.1)	(0.9)	(0.1)
South African company income tax rate	28.0	28.0	28.0	28.0
	GROUP		COMPANY	
	2018 R'000	2017 R'000	2018 R'000	2017 R'000
7.6 The group's and company's share of tax losses available as a deduction from their future taxable incomes amounted to:				
South African	91 396	225 660	18 865	51 895
Foreign	10 520	21 699		
Total	101 916	247 359	18 865	51 895
Tax savings effect:				
Before deferred taxation	28 957	70 129	5 282	14 531
After deferred taxation	5	1		
	NUMBER OF SHARES			
	2018		2017	
8. EARNINGS PER SHARE				
8.1 Calculation of weighted average number of ordinary shares				
Weighted average number of ordinary shares	135 526 154		135 526 154	
Less: Weighted average:				
Treasury shares held by Oceana Empowerment Trust	(13 637 071)		(13 715 431)	
Treasury shares held by Lucky Star Limited	(5 094 350)		(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	116 778 233		116 699 873	
Shares deemed to be issued for no consideration in respect of unexercised share options	10 386 129		11 069 093	
Weighted average number of ordinary shares used in the calculation of diluted earnings and diluted headline earnings per share	127 164 362		127 768 966	

Notes to the summarised consolidated financial statements *(continued)*

for the year ended September 2018

	GROUP			
	Gross of tax 2018 R'000	Net of tax and non- controlling interests 2018 R'000	Gross of tax 2017 R'000	Net of tax and non- controlling interests 2017 R'000
8. EARNINGS PER SHARE <i>continued</i>				
8.2 Determination of headline earnings				
Profit after taxation attributable to shareholders of Oceana Group Limited		857 831		468 310
Adjusted for:				
Profit on the disposal of immovable property			(11 601)	(10 335)
Insurance proceeds			(998)	(650)
Headline earnings adjustments – joint venture	(72)	(49)	(1 144)	(778)
Profit on change of interest in investment			(122)	(95)
Profit on disposal of business	(8 000)	(6 208)		
Net (profit)/loss on disposal of property, plant and equipment and intangible assets	(3 491)	(2 516)	1 200	857
Headline earnings for the year		849 058		457 309
Headline earnings per share (cents)				
– Basic		727.1		391.9
– Diluted		667.7		357.9
	GROUP		COMPANY	
	2018 R'000	2017 R'000	2018 R'000	2017 R'000
9. DIVIDENDS				
No final dividend was declared (2017: 357 cents)		416 572		483 828
Interim of 112 cents per share declared on 17 May 2018, paid 2 July 2018 (2017: 90 cents)	130 812	105 058	151 789	121 974
Dividends paid during the year	130 812	521 630	151 789	605 802
Dividend declared and not accrued after reporting date	355 300		412 000	
Dividends per share (cents)	416	90	416	90
– Interim paid	112	90	112	90
– Final declared after reporting date	304		304	

10. PROPERTY, PLANT AND EQUIPMENT

	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
2017					
Cost	797 178	95 411	1 496 556	661 932	3 051 077
Accumulated depreciation and impairment losses	(199 099)	(63 078)	(760 997)	(358 530)	(1 381 704)
Net book value at 1 October 2016	598 079	32 333	735 559	303 402	1 669 373
Current year movement					
Additions	4 118	909	76 715	72 734	154 476
Transfers between classes of assets – cost		1 435	(1 637)	202	
Transfers between classes of assets – accumulated depreciation		10	(21)	11	
Disposals – cost	(2 000)	(1 171)	(41 615)	(35 595)	(80 381)
Disposals – accumulated depreciation	742	1 122	39 345	33 546	74 755
Depreciation	(27 123)	(2 541)	(91 797)	(56 809)	(178 270)
Foreign exchange differences	(17 799)	(182)	(17 873)		(35 854)
Balance at 30 September 2017	556 017	31 915	698 676	317 491	1 604 099
Made up as follows:					
Cost	775 898	96 406	1 500 992	699 274	3 072 570
Accumulated depreciation and impairment losses	(219 881)	(64 491)	(802 316)	(381 783)	(1 468 471)
Net book value at 30 September 2017	556 017	31 915	698 676	317 491	1 604 099
2018					
Current year movement					
Additions	6 611	1 122	118 678	37 331	163 742
Transfers between classes of assets – cost	12 803	(3 475)	(19 973)		(10 645)
Transfers between classes of assets – accumulated depreciation	31	387	(978)		(560)
Disposals – cost			(4 807)	(16 817)	(21 624)
Disposals – accumulated depreciation			4 179	10 905	15 084
Depreciation	(25 767)	(2 987)	(95 581)	(85 056)	(209 391)
Foreign exchange differences	22 532	260	23 129		45 921
Balance at 30 September 2018	572 227	27 222	723 323	263 854	1 586 626
Made up as follows:					
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 30 September 2018	572 227	27 222	723 323	263 854	1 586 626

The cost of fully depreciated assets amounts to R466.7 million (2017: R431.3 million).

The insured value of the group's property, plant and equipment at 30 September 2018 amounts to R6.3 billion (2017: R6.0 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.

Notes to the summarised consolidated financial statements *(continued)*

for the year ended September 2018

COMPANY

R'000

10. PROPERTY, PLANT AND EQUIPMENT *continued*

2017

Property, plant and equipment

Cost	36 597
Accumulated depreciation and impairment losses	(16 846)

Net book value at 1 October 2016 19 751

Current year movement

Additions	13 155
Depreciation	(4 506)
Disposals – cost	(4 473)
Disposals – accumulated depreciation	4 393

Balance at 30 September 2017 28 320

Made up as follows:

Cost	45 279
Accumulated depreciation and impairment losses	(16 959)

Net book value at 30 September 2017 28 320

2018

Current year movement

Additions	5 970
Depreciation	(4 824)
Transfer to intangible assets	(11 206)

Balance at 30 September 2018 18 260

Made up as follows:

Cost	40 043
Accumulated depreciation and impairment losses	(21 783)

Net book value at 30 September 2018 18 260

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
--	-------------------	--------------------	-----------------------------------	----------------------------	--------------------------------	---------------------------	-------------------------------	----------------

11. INTANGIBLE ASSETS

2017

Balance at the beginning
of the year

Cost 3 314 336 209 110 856 407 167 507 49 218 97 032 84 114 4 777 724

Accumulated amortisation (61 483) (9 776) (20 615) (49 740) (141 614)

Accumulated impairment (17 630) (13 205) (30 835)

Net book value 1 October 2016 3 296 706 195 905 856 407 106 024 39 442 76 417 34 374 4 605 275

	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
11. INTANGIBLE ASSETS <i>continued</i>								
Current year movements								
Additions							38 772	38 772
Disposal – cost							(10 970)	(10 970)
Disposal – accumulated amortisation							11 097	11 097
Amortisation for the year				(25 016)	(7 787)	(16 419)	(8 346)	(57 568)
Exchange difference	(111 281)	(6 458)	(29 573)		(1 495)	(2 919)	(2)	(151 728)
Balance at 30 September 2017	3 185 425	189 447	826 834	81 008	30 160	57 079	64 925	4 434 878
Made up as follows:								
Cost	3 203 055	202 652	826 834	167 507	47 518	93 681	111 918	4 653 165
Accumulated amortisation				(86 499)	(17 358)	(36 602)	(46 993)	(187 452)
Accumulated impairment	(17 630)	(13 205)						(30 835)
Net book value at 30 September 2017	3 185 425	189 447	826 834	81 008	30 160	57 079	64 925	4 434 878
Current year movements								
Additions							20 469	20 469
Disposal – cost							(3 095)	(3 095)
Disposal – accumulated amortisation							3 096	3 096
Transfer from property, plant and equipment							11 205	11 205
Amortisation for the year				(24 991)	(7 891)	(16 638)	(9 795)	(59 315)
Exchange difference	156 357	9 075	41 552		1 088	1 967	1	210 040
Balance at 30 September 2018	3 341 782	198 522	868 386	56 017	23 357	42 408	86 806	4 617 278
Made up as follows:								
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 at 30 September 2018	3 341 782	198 522	868 386	56 017	23 357	42 408	86 806	4 617 278

Amortisation of intangible assets are disclosed in the cost of sales R25.0 million (2017: R25.0 million) and overheads expenditure R34.3 million (2017: R32.6 million) lines on the face of the statement of comprehensive income.

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

Hake fishing rights	2.3 years
Pelagic fishing rights	2.3 years
Lobster fishing rights	2.3 years
Customer relations	2.8 years
Non-competes	1.8 – 6.8 years
Computer software	2.0 – 12.0 years

Notes to the summarised consolidated financial statements *(continued)*

for the year ended September 2018

11. INTANGIBLE ASSETS *continued*

11.1 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	
	2018	2017	2018	2017	2018	2017
Glenryck Brand (UK)						
Canned fish and fishmeal (Africa)			8 873	8 873		
Lusitania business combination						
Commercial cold storage and logistics	10 000	10 000				
Le Monde business combination						
Commercial cold storage and logistics	1 276	1 276				
Foodcorp business combination						
Horse mackerel and hake	44 862	44 862				
Canned fish and fishmeal (Africa)	17 669	17 669				
Lobster and squid	304	304				
Daybrook business combination						
Fishmeal and fish oil (USA)	3 267 671	3 111 314	189 649	180 574	868 386	826 834
	3 341 782	3 185 425	198 522	189 447	868 386	826 834
	GROUP					
	Fishing rights R'000		Customer relations R'000		Non-competes R'000	
	2018	2017	2018	2017	2018	2017
Lusitania business combination						
Horse mackerel and hake	18 941	27 360				
Foodcorp business combination						
Canned fish and fishmeal (Africa)	34 104	49 261				
Lobster and squid	471	673				
Daybrook business combination						
Fishmeal and fish oil (USA)			23 357	30 160	42 408	57 079
Other fishing rights acquired						
Horse mackerel and hake	962	1 406				
Canned fish and fishmeal (Africa)	1 539	2 308				
	56 017	81 008	23 357	30 160	42 408	57 079

Glenryck Brand (United Kingdom (UK))

The Glenryck Brand (UK) is allocated entirely to the canned fish and fishmeal (Africa) CGU (refer to table 11.1 above), the recoverable amount has been determined on a value-in-use calculation using royalty income cash flow projections approved by the directors. Sales volumes and prices in aggregate are assumed to grow by 4.5% (2017: 4.8%) per annum at an operating profit percentage of 4.0% (2017: 4.0%). A post-tax discount rate of 25.0% (2017: 25.0%) and a long-term growth rate of 2.0% (2017: 2.0%) have been applied to cash flow projections. The recoverable amount exceeded the carrying value during the current year.

The directors estimate that an increase in the discount rate by 86% (2017: 84%) would result in the aggregate carrying value exceeding the recoverable amount.

Lusitania business combination

The goodwill arising on the acquisition of the Lusitania business has been allocated entirely to the commercial cold storage and logistics CGU (refer to table 11.1 above).

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.

Revenue growth rates are based on average forecast revenue growth rates for the forecast period, and are 8% (2017: between 7.0% and 7.5%).

The present value of the expected future cash flows for the commercial cold storage and logistics CGU was determined using pre-tax discount rates of 16.3% (2017: 16.9%). The discount rates were derived from the weighted 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 the CGU.

A long-term growth rate of 3.0% (2017: 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 35% (2017: 33%) would result in the CGU carrying amount exceeding its recoverable amount.

Foodcorp business combination

The goodwill arising on the acquisition of the Foodcorp fishing business has been allocated to three CGUs, namely horse mackerel and hake, canned fish and fishmeal (Africa) and lobster and squid (refer to table 11.1 on page 40).

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 years four and five using assumptions determined by management and approved by the directors.

Stable fish catch volumes and production yields based on historical averages have been assumed. Gross margins are based on the average forecast gross margin for the forecast period, and are between 34.8% and 41.7% (2017: 38.3% and 44.2%) for the horse mackerel and hake CGU and 4.1% (2017: 4.7%) (canned fish) and 26.0% (2017: 25.6%) (fishmeal) for the canned fish and fishmeal (Africa) CGU.

The present value of the expected future cash flows for the horse mackerel and hake CGU and canned fish and fishmeal (Africa) CGU were determined using pre-tax discount rates of 15.6% and 14.4% (2017: 17.1% and 15.8%) respectively. The discount rates were derived from the WACC for comparable entities, based on market data and include appropriate adjustments relating to market risk and specific risk factors for each CGU.

A long-term growth rate of 3.0% (2017: 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 by 18.0% (2017: 13.0%) for the canned fish and fishmeal (Africa) CGU and 38.0% (2017: 17.0%) for the horse mackerel hake 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 52.2% (2017: 11.0%) for hake and 11.0% (2017: 11.0%) 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 11.1 on page 40).

Trademarks (R189.6 million) and intellectual property (R868.4 million) both with indefinite useful lives arising on the acquisition of Daybrook Fisheries Incorporated are included in the fishmeal and fish oil (USA) CGU.

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 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 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.

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.

Notes to the summarised consolidated financial statements *(continued)*

for the year ended September 2018

11. INTANGIBLE ASSETS *continued*

11.1 Allocation of goodwill, trademarks, intellectual property, fishing right, customers relations and non-competes to cash generating units (CGUs) *continued*

Stable fish catch volumes and production yields based on historical averages have been assumed. Gross margins are based on the average forecast gross margin for the forecast period, and are between 36.6% and 40.6% (2017: 39.8% and 43.0%) for fishmeal and fish oil (USA) business.

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 10.0% (2017: 10.9%). 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 2.4% (2017: 2.3%) has been used based on the 10-year forecast mean US CPI inflation rate per the June 2018 Livingston survey.

The directors estimate that an increase in the discount rate by 2.0% (2017: 1.0%) 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 6.1% (2017: 3.3%) the CGU carrying amount would exceed its recoverable amount.

	COMPANY
	R'000
Computer software	
2016	
Cost	53 729
Accumulated depreciation	(21 812)
Net book value at 1 October 2016	31 917
Current year movements	
Additions	38 726
Amortisation for the year	(5 837)
Disposal – cost	(9 056)
Disposal – accumulated amortisation	9 042
Balance at 30 September 2017	64 792
Made up as follows:	
Cost	83 399
Accumulated amortisation	(18 607)
Net book value at 30 September 2017	64 792
2018	
Net book value at 30 September 2017	64 792
Current year movements	
Additions	20 370
Amortisation for the year	(9 681)
Transfer from property, plant and equipment	11 206
Balance at 30 September 2018	86 687
Made up as follows:	
Cost	114 975
Accumulated amortisation	(28 288)
Net book value at 30 September 2018	86 687

	GROUP	
	2018 R'000	2017 R'000
12. DERIVATIVE ASSETS		
Non-current		
Interest rate caps and swaps held as hedging instruments		
Opening balance	1 837	7 636
Fair value adjustments recognised in profit or loss (ineffective portion)	(5 331)	(243)
Fair value adjustments recognised in other comprehensive income (effective portion)	20 139	(5 556)
Reclassified from derivative liability	207	
Foreign currency translation adjustment	546	
Closing balance	17 398	1 837
Interest rate caps	586	1 837
Interest rate swaps	16 812	
	17 398	1 837

Interest rate caps were executed in 2016, with a maturity date of 20 July 2018 and 20 July 2020. Interest rate caps were designated as cash flow hedges and executed to hedge the interest that is payable under various debt facilities with principal values of R1 810 million. The amount of the principal is R390 million (2017: R980 million). Gains or losses on interest rate caps held as hedging instruments in designated and effective hedging relationships are recognised in other comprehensive income and are reclassified to profit or loss in the same period that the hedge cash flows affect profit or loss.

	GROUP		COMPANY	
	2018 R'000	2017 R'000	2018 R'000	2017 R'000
13. DEFERRED TAXATION				
Deferred tax assets	29 338	27 616	16 472	21 689
Deferred tax liabilities	(468 761)	(691 068)		
Net deferred tax (liability)/asset	(439 423)	(663 452)	16 472	21 689
Net (liability)/asset at the beginning of the year	(663 452)	(672 500)	21 689	21 986
Transferred from subsidiary			126	
Associate – unrealised profits recognised directly in other comprehensive income	(5 813)	70		
Rate change adjustment	237 820			
Foreign currency translation adjustment	(10 298)	21 563		
Credited/(debited) to the statement of comprehensive income	2 320	(12 585)	(5 343)	(297)
Net (liability)/asset at the end of the year	(439 423)	(663 452)	16 472	21 689
Comprising:				
Hurricane relief funds and insurance (note 1)	(44 740)	(81 022)		
Deferred compensation	8 091	12 452		
Property, plant and equipment	(184 364)	(226 217)	(2 235)	34
Intangible assets	(248 236)	(399 159)		
Estimated taxation loss	28 952	70 128	5 282	14 531
Provisions and other credit balances	39 800	27 968	13 425	7 124
Fair value adjustments arising from business combination	(21 960)	(38 123)		
Put option	17 015	13 668		
Section 24P allowances, prepayments and other	(33 981)	(43 147)		
	(439 423)	(663 452)	16 472	21 689

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.

Note 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.

Notes to the summarised consolidated financial statements *(continued)*

for the year ended September 2018

	GROUP		COMPANY	
	2018 R'000	2017 R'000	2018 R'000	2017 R'000
14. INVESTMENTS AND LOANS				
Loans to supply partners	122 071	114 999	164	164
Other investments	424	425	424	424
Total	122 495	115 424	588	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 2.7% (2017: 2.7%) equity share. No impairment provision is required in respect of this loan.

Group loans consist of secured and unsecured loans, and bear interest at rates ranging from interest-free to 12.00% (2017: interest-free to 12.25%). No impairment provision is required in respect to these loans.

Movement in net loans

Balance at the beginning of the year	114 999	104 404	164	164
Advances to supply partners	21 892	36 963		
Interest capitalised	5 690	6 072		
Loans repaid	(13 623)	(25 894)		
Current portion transferred to accounts receivable	(6 887)	(6 546)		
Balance at the end of the year	122 071	114 999	164	164

15. INTEREST IN SUBSIDIARIES, ASSOCIATE AND JOINT VENTURES

Shares at cost, less amounts written off	219 418	219 418	3 310 402	3 310 402
Amounts owing by			78 244	79 979
Share of accumulated losses and reserves since acquisition	92 573	90 322		
	311 991	309 740	3 388 646	3 390 381
Amounts owing to			(2 079 255)	(2 286 311)
Total	311 991	309 740	1 309 391	1 104 070

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 658 million (2017: R1 802 million) loan from Lucky Star Limited. The company obtained a letter of support from Lucky Star Limited confirming its intension 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.

15. INTEREST IN SUBSIDIARIES, ASSOCIATE AND JOINT VENTURES

continued

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%)

Profit attribute to ordinary shareholders of Oceana Group Limited

Share of associate and joint venture companies income

Etosha Fisheries Holdings Company Proprietary Limited (joint venture)

Oceana International Limited (joint venture)

Oceana Peche International Limited (joint venture)

Oceana Boa Pesca Limitada (joint venture)

Westbank Fishing Limited Liability Company (associate)

Less: Dividends received

GROUP	
2018 R'000	2017 R'000
1 276 474	1 004 303
53 821	39 368
(5 447)	6 364
(6 465)	5 936
	4
(821)	
(28 877)	(12 885)
30 716	13 309
(5 447)	6 364
840	(8 719)
(4 607)	(2 355)

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).

2018 Associate and joint venture name	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
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	459 246		45 965	729 078	42 185	1 276 474
Operating (loss)/profit	(18 979)	(1 111)	(47 738)	124 218	(47)	56 343
Investment income	7 718	(531)			47	7 234
Interest paid	(4 793)		(2 370)			(7 163)
Profit/(loss) before taxation	(16 054)	(1 642)	(50 108)	124 218		56 414
Taxation (credit)/expense	(5 053)		7 646			2 593
Profit/(loss) after taxation	(11 001)	(1 642)	(57 754)	124 218		53 821
Total comprehensive (loss)/income	(11 001)	(1 642)	(57 754)	124 218		53 821
Share of associate and joint venture companies (loss)/income	(4 940)	(821)	(28 877)	31 054		(3 584)
Share of associate unrealised gains¹	(1 525)			(338)		(1 863)
Less: Dividends received from associate and joint ventures during the year	(840)					(840)
Total share of associate and joint venture companies (loss)/income	(7 305)	(821)	(28 877)	30 716		(6 287)
The above profit/(loss) for the year includes the following:						
Depreciation (100%)	2 335		10 613	51 936		64 884

Notes to the summarised consolidated financial statements *(continued)*

for the year ended September 2018

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

2018 Associate and joint venture name	Etosha Fisheries Holding Company Proprietary Limited (joint venture) R'000	Oceana Pêche 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 financial position (100%)						
Current assets	312 729	13 137	11 944	397 376	31 711	766 897
Non-current assets	83 713		34 075	1 067 313	2 332	1 187 433
Current liabilities	196 400	14 779	34 309	141 473	28 540	415 501
Non-current liabilities	12 111		36 399	432 285	5 500	486 295
Net assets/(liabilities) of associate and joint ventures	187 931	(1 642)	(24 689)	890 931	3	1 052 534
Effect of hyperinflationary adjustments			18 043			18 043
Carrying amount of group's interest in associate and joint ventures	84 381	(821)	5 698	222 732	1	311 991
The above amounts of assets and liabilities includes the following:						
Cash and cash equivalents		376	10 012	263 506	2 640	276 534
Bank overdraft	141 831					141 831
Non-current financial liabilities (excluding trade and other payables and provisions)	12 111					12 111
Current financial liabilities (excluding trade and other payables and provisions)					279	279
2017						
Associate and joint venture name	Etosha Fisheries Holding Company Proprietary Limited (joint venture) R'000	Oceana Pêche 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
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	308 030		82 234	565 190	48 849	1 004 303
Operating profit/(loss)	15 242	7	(36 814)	51 910	(50)	30 295
Investment income	3 699				50	3 749
Interest paid	(260)					(260)
Profit/(loss) before taxation	18 681	7	(36 814)	51 910		33 784
Taxation credit	5 460		(11 044)			(5 584)
Profit/(loss) after taxation	13 221	7	(25 770)	51 910		39 368
Total comprehensive income/(loss)	13 221	7	(25 770)	51 910		39 368
Share of associate and joint venture companies income/(loss)	5 936	4	(12 885)	12 978		6 033
Share of associate unrealised gains¹				331		331
Less: Dividends received from associate and joint ventures during the year	(1 601)	(831)		(6 287)		(8 719)
Total share of associate and joint venture companies income/(loss)	4 335	(828)	(12 885)	7 021		(2 355)

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

	Etosha Fisheries Holding Company Proprietary Limited (joint venture) R'000	Oceana 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
2017						
Associate and joint venture name						
The above profit/(loss) for the year include the following:						
Depreciation (100%)	4 909		13 756	39 839		58 504
Statements of financial position (100%)						
Current assets	164 964		42 541	233 374	25 493	466 372
Non-current assets	86 184		84 668	617 766	2 493	791 111
Current liabilities	29 783		20 869	122 306	27 601	200 559
Non-current liabilities	17 164		34 653		381	52 198
Net assets of associate and joint ventures	204 201		71 687	728 834	4	1 004 726
Carrying amount of group's interest in associate and joint ventures	91 686		35 844	182 209	1	309 740
The above amounts of assets and liabilities includes the following:						
Cash and cash equivalents	5 961		15 078	62 923	283	84 245
Non-current financial liabilities (excluding trade and other payables and provisions)	17 164					17 164
Current financial liabilities (excluding trade and other payables and provisions)					8 000	8 000

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 2018 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.

Oceana International Limited (OI) in the Isle of Man was dissolved on 5 December 2016.

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 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 principle 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.

During the 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.

Details of subsidiary, associate and joint venture companies are set out in separate schedules on page 76 of these annual financial statements. Details of material subsidiaries with non-controlling interests are set out in note 31.

Note:

¹ Unrealised profit adjustment is recognised against inventory.

Notes to the summarised consolidated financial statements *(continued)*

for the year ended September 2018

	COMPANY	
	2018 R'000	2017 R'000
16. LOAN RECEIVABLE FROM OCEANA GROUP SHARE TRUST		
Interest-bearing at 7.50% per annum (2017: 7.75%)	470	502

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.

17. LOAN RECEIVABLE FROM OCEANA EMPOWERMENT TRUST		
Capital contribution	47 405	47 897

The Oceana Empowerment Trust (formerly Khula Trust) was formed in 2006 to hold shares in the company for allocation to qualifying black employees. The trust is funded by capital contributions from the company and participating South African subsidiary companies originally in 2006 and again in 2014 which resulted in the extension of the lock-in period.

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.

	GROUP		COMPANY	
	2018 R'000	2017 R'000	2018 R'000	2017 R'000
18. INVENTORIES				
Raw materials	65 224	61 462		
Finished goods	1 227 968	1 071 981		
Consumable stores and work-in-progress	184 556	75 782		
Inventory obsolescence provision	(10 509)	(8 176)		
Total	1 467 239	1 201 049		
Cost of sales comprising:				
Cost of materials	3 567 109	2 718 153		
Inventory movement	(125 902)	112 028		
Production costs	1 382 609	1 529 832		
Total	4 823 816	4 360 013		

Finished goods include inventory held at net realisable value of Rnil (2017: Rnil).

19. ACCOUNTS RECEIVABLE				
Net trade receivables	1 090 164	770 051		
Gross trade receivables	1 106 467	773 184		
Less: Allowance for credit notes	(6 951)	(1 736)		
Less: Provisions for irrecoverable trade receivables	(9 352)	(1 397)		
Net short-term loans and advances	40 906	41 358		
Gross short-term loans and advances	41 588	41 893		
Less: Provisions for irrecoverable loans and advances	(682)	(535)		
Amount owing by foreign suppliers	45 338	10 645		
Value added taxation	149 931	90 736	6 323	7 358
Forward exchange revaluation asset	7 492	7 967		
Accrued income and other receivables	70 657	79 355	51 041	24 441
Prepayments	97 843	71 332	4 608	2 177
Total	1 502 331	1 071 444	61 972	33 976

		GROUP	
		2018 R'000	2017 R'000
19. ACCOUNTS RECEIVABLE	<i>continued</i>		
The analysis of group trade receivables not impaired is as follows:			
Not past due		813 952	706 692
Ageing of trade receivables which are past due and not impaired			
30 days		222 750	34 608
60 days		35 897	15 524
90 days		11 313	11 418
120 days		873	879
150 days and over		5 379	930
		1 090 164	770 051
The analysis of other group receivables not impaired is as follows:			
Not past due		406 018	295 245
Ageing of other receivables which are past due and not impaired			
30 days		76	
60 days		7	6 108
90 days		6 057	
120 days			
150 days and over		9	40
		412 167	301 393

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 fishing 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.

Notes to the summarised consolidated financial statements *(continued)*

for the year ended September 2018

	GROUP	
	2018 R'000	2017 R'000
19. ACCOUNTS RECEIVABLE <i>continued</i>		
Movement in provisions for irrecoverable trade receivables		
Balance at the beginning of the year	1 397	694
Impairment losses recognised	7 955	703
Balance at the end of the year	9 352	1 397
Concentration of credit risk in trade receivables		
By geographical region		
South Africa and Namibia	558 172	518 852
Other Africa	18 459	38 329
Europe	371 672	95 437
America	82 924	80 385
Far East and other	58 939	37 048
Trade receivables	1 090 166	770 051
By customer sector		
SA domestic FMCG, wholesale, retail (JSE-listed or insured)	589 071	594 857
USA Domestic FMCG, wholesale, retail	312 934	80 385
Cold storage (secured by lien)	87 631	45 167
Exports on letter of credit/cash with documents	94 765	46 517
Open account	5 765	3 125
Trade receivables	1 090 166	770 051
By segment		
Canned fish and fishmeal (Africa)	603 192	533 132
Fishmeal and fish oil (USA)	316 998	80 385
Horse mackerel and hake	80 708	99 103
Lobster and squid	1 637	8 061
Commercial cold storage logistics	87 631	49 370
Trade receivables	1 090 166	770 051
Movement in provisions for irrecoverable loans and advances		
Balance at the beginning of the year	535	228
Impairment losses recognised	147	307
Balance at the end of the year	682	535

There was one customer, Fiskernes Fiskeindustri AMBA (2017: one customer, Massmart Holdings Limited) with a balance in excess of 10% of the total trade receivables at the reporting date.

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.

		GROUP		COMPANY	
		2018 R'000	2017 R'000	2018 R'000	2017 R'000
20. ORDINARY SHARE CAPITAL					
20.1 Authorised stated capital					
300 000 000 shares of no par value (2017: 300 000 000 shares of no par value)		300	300	300	300
20.2 Stated capital					
135 526 154 (2017: 135 526 154)					
Opening balance stated capital		1 184 194	1 188 680	1 301 513	1 307 234
Less: Treasury shares 18 651 239 (2017: 18 722 789) shares		1 853	1 235		
Transfer from/(to) share-based payment reserve		3 435	(5 721)	3 435	(5 721)
Balance at the end of the year		1 189 482	1 184 194	1 304 948	1 301 513
		GROUP		COMPANY	
		2018	2017	2018	2017
		Number of shares		Number of shares	
20.3 Treasury shares comprise shares held by:					
Oceana Empowerment Trust		13 540 389	13 661 939		
Lucky Star Limited		5 094 350	5 094 350		
Oceana Group Share Trust		16 500	16 500		
		18 651 239	18 772 789		
Opening balance		18 772 789	18 853 805		
Treasury shares sold		(121 550)	(81 016)		
Closing balance		18 651 239	18 772 789		
20.4 Unissued shares					
Authorised				300 000 000	300 000 000
Issued				(135 526 154)	(135 526 154)
Unissued				164 473 846	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.

		GROUP	
		2018 R'000	2017 R'000
21. HEDGING RESERVE			
21.1 Cash flow hedging reserve			
Balance at the beginning of the year		(12 148)	(21 656)
Movement on the cash flow hedge reserve		19 032	9 508
Gain recognised on cash flow hedges		21 056	19 945
Transferred to profit or loss		(20)	1 118
Transferred to initial carrying amount of hedged item		3 809	(11 625)
Income tax related to loss recognised in equity		(7 074)	831
Income tax related to amounts transferred to profit or loss		1 261	(761)
Balance at the end of the year		6 884	(12 148)

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.

Notes to the summarised consolidated financial statements *(continued)*

for the year ended September 2018

	GROUP	
	2018 R'000	2017 R'000
22. LONG-TERM LOAN		
Non-current		
Opening balance	3 209 875	4 145 142
Loans raised		300 000
Transferred from current liabilities on refinancing	500 000	
Transaction costs capitalised	(2 170)	
Transaction costs amortised to profit or loss	40 587	37 126
Capital repaid		(257 343)
Exchange difference	70 503	(61 965)
Transferred to current liabilities	(479 045)	(953 085)
Closing balance	3 339 750	3 209 875
Current		
Opening balance	954 026	584 652
Capital repaid	(507 589)	(573 916)
Transferred to non-current liabilities on refinancing	(500 000)	
Interest paid	(4 901)	(6 999)
Exchange difference	6 770	(2 796)
Transferred from non-current liabilities	479 045	953 085
Closing balance	427 351	954 026

The rand-denominated term loans of R1 869.1 million (2017: R1 646.5 million) bear interest at a rate of JIBAR plus margin of 170 to 235 (2017: 170 to 235) and are repayable through a combination of semi-annual consecutive instalments and single instalments with the final principal payment due on 20 July 2023 (2017: 3 April 2021). During the 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 in 5 years, R738.0 million was restructured as a bullet payment facility maturing in 4 years and R182.0 million as a bullet payment facility maturing in 3 years. 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 32.

The US dollar-denominated term loan of R1 470.7 million (2017: R1 563.5 million) bears interest at a rate of LIBOR plus applicable margin of 2.75% to 3.00% (2017: 2.75% to 3.00%) which varies with the total leverage ratio at the pricing date. The loan is repayable in quarterly instalments with the final principal payments due on 30 June 2020 and 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.

	GROUP	
	2018 R'000	2017 R'000
Maturity analysis (long-term and current portion)		
Due within one year	427 351	954 026
Due within two years	1 771 413	1 229 192
Due within three years	100 000	1 627 537
Due within four years	400 000	300 000
Due within and later than five years	1 068 337	53 146
	3 767 101	4 163 901

23. DERIVATIVE LIABILITIES

Non-current

	2018 R'000	2017 R'000
Opening balance	6 283	176 301
(Gain)/loss gain recognised in other comprehensive income	(6 148)	246
Transferred to current liabilities		(164 181)
Reclassified to derivative asset	(207)	
Foreign currency translation adjustment	72	(6 083)

Closing balance

Interest rate swap		6 283
--------------------	--	-------

Current

Opening balance	164 181	
Transferred from non-current liabilities		164 181
Loss recognised in profit or loss	34 577	
Put option exercised	(202 899)	
Foreign currency translation adjustment	4 141	

Closing balance

Put option		164 181
------------	--	---------

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

In terms of the first addendum to the Westbank operating agreement, the put closing date was extended to 15 February 2018. In terms of this addendum, the put option premium (USD15.0 million) was settled on 15 January 2018. The put option liability was remeasured to fair value prior to settlement by measuring the put option strike price plus put premium to the fair value of Westbank. Westbank was valued using a discounted cash flow model and unobservable inputs including forecast annual growth rates of 2.0% (2017: 2.0%), forecast EBITDA margin of 18.0% (2017: 18.0% to 22.2%) and a risk-adjusted discount rate of 6.8% (2017: 7.8%). A fair value loss of R34.6 million (2017: Rnil) was recognised in operating profit, which offset the fair value gain that was recognised in 2016 of R42.6 million.

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

The notional principal amount of the interest rate swaps at 30 September 2018 amounts to R1 471 million (2017: R938 million). This comprises hedges on the term debt of R1 471 million (2017: R1 564 million). The swap is to hedge the interest that is payable under the debt facility. An interest rate swap was executed on 9 March 2017 with an effective date of 31 August 2018 and a maturity date of 22 July 2020 at a swap fixed rate of 2.175%. Gains and losses on the interest rate swap 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 gain of R6.1 million (2017: loss R0.2 million) was recognised in other comprehensive income. The interest rate swap was reclassified to derivative assets during the year.

Notes to the summarised consolidated financial statements (continued)

for the year ended September 2018

	GROUP		COMPANY	
	2018 R'000	2017 R'000	2018 R'000	2017 R'000
24. ACCOUNTS PAYABLE				
Trade payables	714 081	685 947	22 281	34 453
Payroll-related accruals	60 601	58 416		
Leave pay accrual	39 479	31 122	4 918	4 556
Bonus accrual	122 939		26 878	
Lease accrual	9 380	11 423	2 004	2 468
Short-term loans and advances	12 469	17 359		
Value added taxation payable	10 051	3 970		
Agency disbursements	39 605	41 001		
Rebates and incentives	48 922	34 930		
Claims ¹	246 417			
Accrued expenses	238 513	175 144	21 845	23 941
Other payables	119 353	119 419	2 985	3 036
Total	1 661 810	1 178 731	80 911	68 454

No interest is charged on trade payables. The group has financial risk management processes to ensure that all payables are paid within the credit timeframe. 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 6.1% to 11.0% (2017: 6.4% to 11.3%), which are repayable within one year.

¹ Daybrook Fisheries Incorporated ("Daybrook") received \$17.3 million (net of legal costs) in the year following a Federal Court settlement in relation to Daybrook's 2006 Deepwater Horizon 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 Horizon oil spill law suit were excluded from the transaction and the purchase consideration. The settlement proceeds received, 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 2018, these restricted funds (R246.4m) 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.

	GROUP	
	2018 R'000	2017 R'000
25. PROVISIONS		
Customer claims		
Balance at the beginning of the year	2 322	2 422
Net charge to operating profit	7 119	782
Utilised during the year	(5 833)	(882)
Balance at the end of the year	3 608	2 322
Ex gratia retirement provision		
Balance at the beginning of the year	3 332	2 911
Net charge/(reversal) to operating profit	417	(221)
Transferred from accruals		2 494
Utilised during the year	(320)	(1 852)
Balance at the end of the year	3 429	3 332
Non-qualified deferred compensation benefits		
Balance at the beginning of the year	32 689	48 278
Net charge/(reversal) to operating profit	3 768	(1 581)
Utilised during the year	(634)	(12 110)
Foreign currency translation reserve	1 815	(1 898)
Balance at the end of the year	37 638	32 689
Crew bonuses		
Balance at the beginning of the year	4 867	4 065
Net charge to operating profit	4 518	4 285
Utilised during the year	(4 387)	(3 483)
Balance at the end of the year	4 998	4 867

		GROUP	
		2018 R'000	2017 R'000
25. PROVISIONS	<i>continued</i>		
Total			
Balance at the beginning of the year		43 210	57 676
Net charge to operating profit		15 822	3 265
Transferred from accruals			2 494
Utilised during the year		(11 174)	(18 327)
Foreign currency translation reserve		1 815	(1 898)
Balance at the end of the year		49 673	43 210

Customer claims provision relates largely to claims lodged by customers of commercial cold storage and logistics for losses incurred in handling product. Outflows of economic benefits will arise on settlement of the claims.

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.

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.

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.

		GROUP		COMPANY	
		2018 R'000	2017 R'000	2018 R'000	2017 R'000
26. COMMITMENTS					
26.1 Capital commitments					
Budgeted capital expenditure is as follows:					
Contracted		23 218	14 445		
Not contracted		294 868	146 602	5 729	4 257
Total		318 086	161 047	5 729	4 257

Capital expenditure will be financed from the group's and company's cash resources and short-term borrowing facilities.

26.2 Operating lease commitments

The future minimum lease payments under operating leases are as follows:

Not later than one year	79 869	90 961	4 757	4 270
Later than one year but not later than five years	77 171	149 337	3 784	8 300
Later than five years	58 834	65 360		
Total	215 874	305 658	8 541	12 570

Material operating leases relate to leases of land and buildings with lease terms between five and 25 years. Rentals comprise minimum monthly payments. Rental escalations vary between 6.0% and 9.0% (2017: 6.0% and 9.0%). Operating lease charges recognised in the statement of comprehensive income refer to note 2.

Notes to the summarised consolidated financial statements *(continued)*

for the year ended September 2018

27. CASH FLOW INFORMATION

	GROUP		COMPANY	
	2018 R'000	2017 R'000	2018 R'000	2017 R'000
27.1 Cash operating profit				
Operating profit before associate and joint venture income	1 194 354	995 064	278 619	402 330
Adjustment for non-cash and other items	297 905	151 605	13 511	(24 248)
Depreciation and amortisation	268 706	235 838	14 505	10 343
Share-based payment expense	9 958	2 187	596	1 706
Cash-settled share-based payment	(4 271)	(75 631)	(1 590)	(36 269)
Net loss on disposal of property, plant and equipment	6	1 200		94
Cash-settled deferred compensation payments	(634)	(12 110)		
Fair value movements	39 908	243		
Other comprehensive income recycled to profit or loss	5 325			
Loan written off	4 495			
Profit on disposal of investment		(122)		(122)
Transaction costs	(25 588)			
Total cash operating profit	1 492 259	1 146 669	292 130	378 082
27.2 Working capital changes				
(Increase)/decrease in inventories	(244 836)	180 754		
(Increase)/decrease in accounts receivable	(403 706)	423 551	(27 996)	12 904
Increase/(decrease) in accounts payable and provisions	465 943	(58 967)	12 457	(23 082)
(Decrease)/increase in hedging reserves	(6 767)	15 241		
Total working capital changes	(189 366)	560 579	(15 539)	(10 178)
27.3 Taxation paid				
Net amount overpaid/(unpaid) at the beginning of the year	32 895	62 937	(3)	1 754
Charged to profit or loss (note 7)	(240 950)	(175 037)	(165)	(6 872)
Foreign currency translation reserve	722	(3 461)		
Net amount (overpaid)/unpaid at the end of the year	(9 703)	(32 895)	142	3
Cash amounts paid	(217 036)	(148 456)	(26)	(5 115)
27.4 Dividend paid				
Oceana Empowerment Trust dividend distribution	(7 304)	(29 734)		
Dividends	(130 812)	(521 630)	(151 789)	(605 802)
Dividends paid to non-controlling interests	(23 897)	(21 879)		
Cash amounts paid	(162 013)	(573 243)	(151 789)	(605 802)
27.5 Disposal of non-current assets held for sale				
Seasonal fruit business (CCS)				
The group disposed of the commercial cold storage fruit business in 2016, subsequent to the disposal additional costs were incurred in 2017.				
Consideration paid		(2 900)		
Net loss on disposal of non-current assets held for sale		(2 900)		
27.6 Disposal of business				
Linebooker transport business (CCS)				
The group disposed of the commercial cold storage Linebooker transport business on 9 August 2018.				
Consideration received	8 000			
Net profit on disposal of business	8 000			
27.7 Net cash and cash equivalents				
Cash and cash equivalents	1 015 060	1 222 040	296 677	400 916

At 30 September 2018, R246.4 million (\$17.3 million) restricted cash was held in cash and cash equivalents relating to the BP oil settlement proceeds received. Refer to note 24 for detail.

	GROUP		COMPANY	
	Number of employees		Number of employees	
28. NUMBER OF EMPLOYEES				
Permanent employees at year-end	2 078	2 062	102	113
	GROUP		COMPANY	
	2018 R'000	2017 R'000	2018 R'000	2017 R'000
29. SHARE-BASED PAYMENT PLANS				
Equity-settled compensation schemes				
Black economic empowerment (BEE) scheme (29.1)	68 723	68 778	10 330	10 330
Performance shares compensation scheme (29.2)	10 550	8 324	3 790	4 336
Restricted shares compensation scheme (29.3)	5 793	10 015	1 046	6 037
Restricted shares elective deferral compensation scheme (29.4)	5 469	5 469	4 436	4 436
Share-based payment reserve	90 535	92 586	19 602	25 139
Cash-settled compensation schemes				
Phantom compensation scheme (29.5)	4 515	10 654	2 082	5 183
Share appreciation rights compensation scheme (29.6)	5 630	6 365	2 249	3 054
Liability for share-based payments	10 145	17 019	4 331	8 237

29.1 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. Options to acquire these shares are allocated to qualifying black employees by the trustees of the trust. Provided the employee remains in service, the options 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 option held by employee beneficiaries, which was funded by the corporate beneficiaries as disclosed in note 17. Earlier vesting and transfer of benefits is allowed in the event of the death of the employee. Options not exercised will be available for future allocation to other qualifying employees.

The first allocation of options 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 an option 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 options 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 options has reduced in terms of the scheme rules due to retrenchments, resignations and dismissals.

During the year 121 550 options (2017: 81 016) were realised on behalf of beneficiaries of deceased employees.

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

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

29.2 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 model, taking into account the dividend cover and terms and conditions upon which the options were granted.

Notes to the summarised consolidated financial statements (continued)

for the year ended September 2018

29. SHARE-BASED PAYMENTS PLANS *continued*

29.2 Equity-settled performance shares compensation scheme continued

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

	GROUP			
	2018		2017	
	Number of share options	VWAP rand	Number of share options	VWAP rand
Outstanding at the beginning of the year	239 078	114.05	242 275	100.89
Granted during the year	100 100	82.27	86 100	116.81
Forfeited during the year	79 968	109.56	7 102	108.98
Adjusted during the year	892	109.40	107 379	82.80
Exercised during the year	60 402	103.74	189 574	82.91
Outstanding at the end of the year	199 700	99.64	239 078	114.05

Notes:

¹ 66 800 options (2017: 7 102 options) were forfeited due to employee resignations. 13 168 options (2017: 0) were forfeited due to performance condition not having been achieved.

² A TSR multiplier of 81.03% was applied for Grant 2A the options settled as Oceana was placed between the mid- and lower-quartile of the comparable group. A TSR multiplier of 127.91% was applied for Grant 2B the options settled as Oceana was placed between the mid- and upper-quartile of the comparable group.

³ Grant 2A options vested on 11 February 2018 and Grant 2B on 1 June 2018 as the specified performance criteria over the intervening period were achieved. The weighted average share price on settlement was R80.55 (2017: R110.38) 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 2018 is 1.6 years (2017: 1.3 years).

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

	2018		2017
	Grant number	Number of share options	Number of share options
R109.81 per share exercisable until 11 February 2018	2A		69 482
R103.74 per share exercisable until 31 May 2018	2B		3 196
R111.10 per share exercisable until 17 February 2019	3A	53 000	80 300
R116.81 per share exercisable until 15 February 2020	4A	56 200	86 100
R82.27 per share exercisable until 15 February 2021	5A	90 500	
		199 700	239 078

29.3 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 model, taking into account the dividend cover and terms and conditions upon which the options were granted.

29. SHARE-BASED PAYMENTS PLANS *continued*

29.3 Equity-settled (restricted shares) compensation scheme continued

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

	GROUP			
	2018		2017	
	Number of share options	VWAP rand	Number of share options	VWAP rand
Outstanding at the beginning of the year	183 401	108.50	150 630	103.18
Granted during the year	2 488	88.18	61 497	111.77
Forfeited during the year	54 272	107.86	7 181	101.12
Exercised during the year	42 886	109.49	21 545	83.06
Outstanding at the end of the year	88 731	107.85	183 401	108.50

Notes:

¹ Grant 2A options vested on 11 February 2018 and Grant 2B on 1 June 2018 and the weighted average share price on settlement was R80.50 (2017: R110.38) per share.

² 54 272 options (2017: 7 181 options) were forfeited due to employee resignations.

The weighted average remaining contractual life for the share options outstanding as at 30 September 2018 is 0.7 years (2017: 1.3 years).

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

	2018		2017
	Grant number	Number of share options	Number of share options
R109.81 per share exercisable until 11 February 2018	2A		40 618
R103.74 per share exercisable until 31 May 2018	2B		2 268
R104.47 per share exercisable until 11 November 2018	3A	39 500	67 500
R111.10 per share exercisable until 17 February 2019	3B	1 200	12 900
R111.77 per share exercisable until 15 November 2020	4A	45 543	60 115
R88.18 per share exercisable until 15 February 2021	5A	2 488	
		88 731	183 401

29.4 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			
	2018		2017	
	Number of share options	VWAP rand	Number of share options	VWAP rand
Outstanding at the beginning of the year	123 466	107.64	69 864	104.47
Granted during the year			53 602	111.77
Forfeited during the year	32 392	82.03		
Exercised during the year	32 392	82.03		
Outstanding at the end of the year	58 682	107.64	123 466	107.64

Note:

¹ 32 392 options vested (2017: 0) in terms of the plan rules, while the matching portion was forfeited due to employee resignations. The weighted average share price on settlement was R81.72 per share.

The weighted average remaining contractual life for the share options outstanding as at 30 September 2018 is 0.8 years (2017: 1.6 years).

Notes to the summarised consolidated financial statements *(continued)*

for the year ended September 2018

29. SHARE-BASED PAYMENTS PLANS *continued*

29.4 Equity-settled (restricted shares elective deferral) compensation scheme *continued*

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

	Grant number	2018 Number of share options	2017 Number of share options
R104.47 per share exercisable until 11 November 2018	3A	18 998	69 864
R111.77 per share exercisable until 15 November 2019	4A	39 684	53 602
Outstanding at the end of the year		58 682	123 466

29.5 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			
	2018		2017	
	Number of share options	VWAP rand	Number of share options	VWAP rand
Outstanding at the beginning of the year	464 026	64.51	1 566 506	52.97
Forfeited during the year	43 000		3 000	44.77
Exercised during the year	120 341	32.86	1 099 480	28.29
Outstanding at the end of the year	300 685	71.55	464 026	64.51
Exercisable at the end of the year	300 685		200 000	

Notes:

¹ The weighted average share price at the date of exercise for the options exercised was R83.20 for 2018 (2017: R114.62) per share.

² 43 000 options (2017: 3 000 options) were forfeited due to employee resignations.

The weighted average remaining contractual life for the share options outstanding as at 30 September 2018 is 0.5 years (2017: 1.3 years).

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

	Grant number	2018 Number of share options	2017 Number of share options
R41.44 per share exercisable until 17 February 2018	7		88 338
R63.46 per share exercisable until 14 February 2019	8A	163 685	238 688
R81.21 per share exercisable until 1 July 2019	8B	137 000	137 000
		300 685	464 026

29. SHARE-BASED PAYMENTS PLANS *continued*

29.5 Cash-settled (phantom) compensation scheme continued

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 R81,05 (2017: R83,29), an expected option life of six years and expected dividend yield of 3,2% (2017: 3,9%). The interest rate yield used was the Standard Bank Closing Swap Curve. Risk-free rates ranged from 6,6% to 8,6% (2017: 6,8% to 8,1%). Expected volatility of 31,7% (2017: 31,5%) was based on historical share price volatility.

The share-based payment expense relating to cash-settled options is disclosed in note 2.

29.6 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 29.5, but the contractual life of the options is seven years and gains on options are settled in cash. Share appreciation rights allocated have 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			
	2018		2017	
	Number of share options	VWAP rand	Number of share options	VWAP rand
Outstanding at the beginning of the year	941 092	106.33	926 300	96.71
Granted during the year	389 200	82.27	316 000	116.81
Forfeited during the year	471 614	105.86	230 212	96.01
Exercised during the year	7 367	82.80	70 996	84.28
Outstanding at the end of the year	851 311	97.11	941 092	106.33
Exercisable at the end of the year	39 094		40 627	

Notes:

- ¹ 7 367 option vested and became exercisable due to retirements. The weighted average share price at the date of exercise was R81.59 (2017: R0) per share. 100% of tranche 1 of Grant 1 option vested on 12 February 2017 in terms of the HEPS performance criteria having been achieved. The weighted average share price at the date of exercise was R115.79 per share.
- ² Grant 1 (tranche 3) vested at 44%. Grant 2 (tranche 2) and Grant 3 (tranche 1) were forfeited due to the 2018 HEPS performance criteria not being achieved. 299 036 options (2017: 34 500 options) were forfeited due to employee resignations.

The weighted average remaining contractual life for the share options outstanding as at 30 September 2018 is 5.2 years (2017: 5.2 years).

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

	Grant number	2018 Number of share options	2017 Number of share options
R77.61 per share exercisable until 12 February 2021	1A	72 869	143 481
R81.33 per share exercisable until 1 June 2021	1B		
R103.31 per share exercisable until 11 February 2022	2A	64 907	178 411
R97.31 per share exercisable until 31 May 2022	2B	3 700	7 400
R111.10 per share exercisable until 17 February 2023	3A	136 735	295 800
R116.81 per share exercisable until 15 February 2024	4A	220 400	316 000
R82.27 per share exercisable until 15 February 2025	5A	352 700	
		851 311	941 092

The significant inputs into the model used to value the liability for share-based payments were a 30-day VWAP of R81.05 (2017: R83.29), an expected option life of seven years (2017: seven years) and expected dividend yield of 3.2% (2017: 3.9%). The interest rate yield used was the Standard Bank Closing Swap Curve. Risk-free rates ranged from 6.6% to 8.6% (2017: 6.8% to 8.1%). Expected volatility of 31.7% (2017: 31.5%) was based on historical share price volatility.

Notes to the summarised consolidated financial statements *(continued)*

for the year ended September 2018

30. RETIREMENT BENEFITS

Post-employment medical obligations

The group provides a total of five retirement plans that cover all employees. The plans consist of four defined-contribution provident funds and an umbrella 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 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 2018.

	2018 R'000	2017 R'000
Present value of post-employment medical obligations	5 034	5 319
Less: Fair value of plan assets	(3 878)	(3 973)
Liability at the reporting date	1 156	1 346
The principal actuarial assumptions used for accounting purposes relating to post-employment medical obligations:		
Medical inflation	7.53%	7.50%
Discount rate	9.82%	8.70%

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 7.7% and 6.8% (2017: 8.0% and 7.1%) 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 6.3% and 7.2% (2017: 6.6% and 7.6%) respectively.

31. NON-CONTROLLING INTERESTS

	GROUP	
	2018 R'000	2017 R'000
Material subsidiaries with non-controlling interests (refer to table on page 63)	70 360	69 590
Individually immaterial subsidiaries with non-controlling interests	26 261	22 347
Total	96 621	91 937

The following subsidiaries have material non-controlling interests. Summarised financial information in respect of the group's subsidiaries with material non-controlling interests is set out below. The information is before inter-company eliminations with other group companies.

GROUP						
2018 Subsidiary name	Erongo Sea Products (Pty) Ltd R'000	Erongo Seafoods (Pty) Ltd R'000	Arechanab Fishing and Development Company (Pty) Ltd R'000	Compass Trawling (Pty) Ltd* R'000	Amawandle Hake (Pty) Ltd R'000	Commercial Cold Storage (Ports) (Pty) Ltd R'000
Segment	Horse mackerel and hake	Horse mackerel and hake	Horse mackerel and hake	Horse mackerel and hake	Horse mackerel and hake	Commercial cold storage and logistics
Holding company name	Erongo Marine Enterprises (Pty) Ltd	Erongo Marine Enterprises (Pty) Ltd	Erongo Marine Enterprises (Pty) Ltd	Blue Continent Products (Pty) Ltd	Oceana Group Ltd	Commercial Cold Storage Ltd
Ownership held by non-controlling interest	41.97%	51.00%	51.00%	54.70%	25.00%	30.00%
Revenue	11 465	2 919	4 400	86 866	209 939	50 658
Profit for the year	813	2 374	4 935	16 857	23 907	9 227
Profit attributable non- controlling interest	341	1 211	2 517	9 221	5 977	2 768
Current assets	7 698	995	1 316	33 147	99 612	61 923
Non-current assets	26 371	10 107	7 478	23 172	102 888	20 336
Current liabilities	6 419	172	232	12 669	117 260	14 706
Non-current liabilities	3 443			9 784	39 253	96
Net assets	24 207	10 930	8 562	33 866	45 987	67 457
Net assets attributable to non-controlling interest	10 160	5 574	4 367	18 525	11 497	20 237
Net cash and cash equivalents	16	7	15		13	1 756
Dividends paid		8 800	10 500	6 053		30 000
GROUP						
2017 Subsidiary name	Erongo Sea Products (Pty) Ltd R'000	Erongo Seafoods (Pty) Ltd R'000	Arechanab Fishing and Development Company (Pty) Ltd R'000	Compass Trawling (Pty) Ltd R'000	Amawandle Pelagic (Pty) Ltd R'000	Commercial Cold Storage (Ports) (Pty) Ltd R'000
Ownership held by non-controlling interest	41.97%	51.00%	51.00%	39.47%	25.00%	30.00%
Revenue	8 269	8 466	12 762	60 659	377 898	42 227
Profit/(loss) for the year	1 007	6 399	10 557	9 740	(36 520)	10 245
Profit attributable to non- controlling interest	423	3 264	5 384	3 844	(9 130)	3 074
Current assets	19 928	3 772	5 668	27 882	190 892	75 605
Non-current assets	37 233	14 245	14 542	25 775	164 710	20 480
Current liabilities	30 691	653	1 122	17 347	285 328	7 700
Non-current liabilities	3 060			9 300	54 119	134
Net assets	23 410	17 363	19 088	27 010	16 155	88 251
Net assets attributable to non-controlling interest	9 825	8 855	9 735	10 661	4 039	26 475
Net cash and cash equivalents	14	13	3		3	62 097
Dividends paid		6 900	16 050	20 000		

Note:

* Effective 1 April 2018 Blue Continent Products (Pty) Ltd disposed of 15.23% of its interest in Compass Trawling (Pty) Ltd.

Notes to the summarised consolidated financial statements *(continued)*

for the year ended September 2018

32. 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 given a letter of support to Oceana Lobster Limited as the company will not meet its short-term obligations. The company has guaranteed the long-term loan of R1 869.1 million (2017: R1 646.5 million) as disclosed in note 22. Furthermore, six (2017: six) of the subsidiaries in the group have guaranteed the loan.

During the reporting period a customer of the Commercial Cold Storage (Pty) Ltd sent a letter of demand for alleged damages suffered to their meat products. The amount claimed in the letter of demand is R24.4 million. In terms of legal advice obtained the customer's alleged claim is without merit and should the customer initiate legal action, such legal action will be contested. No provision has been made in the 2018 annual financial statements as management do not consider there to be any likelihood of loss.

33. 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.

Capital risk

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.

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.

Foreign currency balances and exposure

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	Kwaza '000
2018					
Trade receivables	10 007	2 587	608	362	
Other accounts receivable	2 970				
Cash and cash equivalents	10 451				878
Accounts payable	(12 295)	(507)	(30)		
Total	11 133	2 080	578	362	878
Year-end exchange rate	14.26	16.51	18.59	10.28	0.05
2017					
Trade receivables	7 034	1 756	505	636	
Other accounts receivable	916				
Cash and cash equivalents	3 842				115
Accounts payable	(14 276)	(23)	(144)		
Total	(2 484)	1 733	361	636	115
Year-end exchange rate	13.58	16.04	18.19	10.54	0.08

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.

The group holds FECs which have been marked to market 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 2019 financial year.

33. FINANCIAL RISK MANAGEMENT *continued*

2018

	GROUP US Dollar '000
Foreign currency bought	11 500
Foreign currency sold	10 000
Average exchange rate	14.71

2017

Foreign currency bought	13 436
Foreign currency sold	2 500
Average exchange rate	13.24

Foreign currency sensitivity analysis

The following table shows the group's sensitivity to a 10% weakening in the 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	
	2018 R'000	2017 R'000
Increase/(decrease) in profit after taxation		
US Dollar	11 431	(2 428)
Euro	2 472	2 002
Sterling	774	473
Australian Dollar	268	483

The company does not have any foreign currency commitments or any foreign currency denominated liabilities and has a foreign currency denominated asset R18.2 million (2017: R17.3 million). For a 10% stronger or weaker rand profit after taxation would increase or decrease by R1.3 million (2017: R0.9 million).

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 swaps and caps for approximately 47% of floating rate exposure for fixed rates.

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 terms of the company's Memorandum of Incorporation, the company's borrowing powers are unlimited.

The group ensures that it complies with the liquidity and solvency requirements for any dividend payments per the Companies Act of South Africa. Debt covenants, which exist on long-term loans, are monitored by management on an ongoing basis.

Notes to the summarised consolidated financial statements *(continued)*

for the year ended September 2018

33. FINANCIAL RISK MANAGEMENT *continued*

The undiscounted cash flows of the group's borrowings and payables fall into the following maturity analysis profiles:

2018

Long-term debt

Principal amount
Interest

Accounts payable

2017

Long-term debt

Principal amount
Interest

Derivative liabilities

Accounts payable

Due on demand R'000	Within 12 months R'000	1 – 4 years R'000	> 5 years R'000
	419 495	2 304 918	1 046 251
	259 640	497 689	95 545
	1 661 810		
	947 717	3 173 356	80 499
	281 848	338 052	24 349
	203 700		
	1 178 731		

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 R266.5 million (2017: 320.1 million). A 100 basis point change in the interest rate would result in an increase or decrease of R21.5 million (2017: R29.3 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 R19.5 million (2017: R26.3 million). A 100 basis point change in the interest rate would result in an increase or decrease of R3.0 million (2017: R4.0 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 2018, 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 19 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 rate caps and swaps recorded in the derivative asset, cash flow hedging reserve and derivative liability in notes 12, 21 and 23 are regarded as level 2 financial instruments. Level 2 fair value measurements are those derived from inputs that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

The put option recorded in the derivative liability note 23 were regarded as a level 3 instrument for fair value measurement. Level 3 fair value instruments are those derived from inputs that are not based on observable market data (unobservable inputs).

Specific valuation techniques used to value financial instruments include:

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

33. FINANCIAL RISK MANAGEMENT *continued*

Classification of financial instruments

Financial assets

Derivative instruments at fair value

Cash and cash equivalents

Loans and receivables

Loans

Accounts receivable

Financial liabilities

Derivative instruments at fair value

At amortised cost

Loans

Accounts payable

GROUP		COMPANY	
2018 R'000	2017 R'000	2018 R'000	2017 R'000
17 398	1 837		
1 015 060	1 222 040	296 677	400 916
1 376 628	1 024 375	129 449	104 584
122 071	114 999	164	164
1 254 557	909 376	129 285	104 420
	170 464		
5 379 381	5 307 540	2 155 248	2 350 209
3 767 101	4 163 901		
1 612 280	1 143 639	2 155 248	2 350 209

34. RELATED-PARTY DISCLOSURES

Effective 13 April 2018 Makimry Patronus Limited Liability Company ("Makimry"), a U.S. company majority owned and controlled by Mr Francois Kuttel (the former Chief Executive Officer of Oceana Group Limited ("Oceana")), acquired a 75% interest in Westbank Fishing Limited Liability Company (a company 25% owned by Daybrook Fisheries Incorporated). The requisite majority of Oceana shareholders were required to vote in favour of the arrangement in terms of section 10.1(a) of the Listings Requirements of the JSE due to the deemed related party nature of certain of the agreements. The respective resolutions were passed by the requisite majority of shareholders present in person or by proxy at the general meeting held on 13 April 2018. Oceana received dispensation from the JSE for the requirement to obtain a fairness opinion in terms of section 10 of the Listings Requirements. Refer to note 15 for details of Westbank loan to Makimry, used to partly finance the purchase of Makimry's 75% membership interest in Westbank.

Goods and services bought from associate and joint ventures were at market-related prices.

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 76. Details of treasury shares held by share trusts are disclosed in note 20.

Notes to the summarised consolidated financial statements *(continued)*

for the year ended September 2018

	GROUP		COMPANY	
	2018 R'000	2017 R'000	2018 R'000	2017 R'000
34. RELATED-PARTY DISCLOSURES <i>continued</i>				
Transactions with joint operations				
Administration fees received	406	2 678		
Net interest received	596	972		
Transactions and balances with subsidiaries, associate and joint ventures				
Administration fees received	484	414	199 786	155 560
Dividends received			266 016	385 632
Net interest paid			(13 814)	(694)
Goods and services bought from associate and joint ventures	1 000 868	701 206		
Amount receivable from associate and joint ventures	44 693	32 076	18 476	17 341
Amount payable to associate and joint ventures		146 976		
Transactions and balances with shareholders				
Goods and services sold to Tiger Brands Limited subsidiaries	10 071	2 800		
Loans receivable from shareholders of subsidiary companies	118 971	112 025		
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	42 990	27 755	20 427	15 317
Post-employment benefits	2 733	2 768	1 071	1 237
Share-based payments – cash-settled compensation scheme	(2 799)	(5 432)	(2 392)	(1 677)
Share-based payments – equity-settled compensation scheme	4 010	10 424	(1 330)	6 925
Share-based payments – Oceana Empowerment Trust	71	317	13	59
Non-executive directors' emoluments	4 058	4 101	4 058	4 101
Total compensation of key management	51 063	39 933	21 847	25 962

Interest of directors in contracts

The directors of Oceana make declarations of interest in terms of section 75 of the Companies Act. These declarations indicate that certain directors hold positions of influence in other entities which are shareholders, suppliers, 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 30.

Details of subsidiary, associate and joint venture intergroup loans are set out in separate schedules on page 76 of these annual financial statements.

35. DIRECTORS' AND PRESCRIBED OFFICERS' REMUNERATION

Executive directors' remuneration

	COMPANY					
2018 Name	Salary R'000	Allowances 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
FP Kuttel ²	3 304	64	146		3 575	7 089
I Soomra	4 663	134	350	5 065	607	10 819
T Giles ⁴	294	17	34	351		696
Total	8 261	215	530	5 416	4 182	18 604
2017						
FP Kuttel	5 592	153	274		19 444	25 463
I Soomra	3 817	116	273		4 050	8 256
Total	9 409	269	547		23 494	33 719

Notes:

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

² FP Kuttel resigned from the board of directors effective 13 February 2018.

³ Includes dividends received from Oceana Empowerment Trust.

⁴ T Giles was appointed as interim Chief Financial Officer effective 1 August 2018.

Notes to the summarised consolidated financial statements (continued)

for the year ended September 2018

35. DIRECTORS' AND PRESCRIBED OFFICERS' continued

Executive directors' share scheme details

FP Kuttel

2018 Scheme	Award date	Initial vesting date	Options as at 30 Sept 2017	Options awarded during the year	Options forfeited during the year	Option exercised during the year	Options as at 30 Sept 2018	Expiry date
			Number	Price	Number	Price	Vested	Unvested
Phantom share options								
Grant 8	14 Feb 13	14 Feb 16	43 000	R63.46	43 000 ²			
			43 000		43 000			
Share appreciation rights								
Grant 1	12 Feb 14	12 Feb 17	18 800	R77.61	18 800 ²	R77.61		
Grant 2	11 Feb 15	11 Feb 18	30 200	R103.31	30 200 ²	R103.31		
Grant 3	17 Feb 16	17 Feb 19	48 200	R111.10	48 200 ²	R111.10		
Grant 4	15 Feb 17	15 Feb 20	51 400	116.81	51 400 ²	R116.81		
			148 600		148 600			
Restricted shares								
Grant 2	11 Feb 15	10 Feb 18	5 360		5 360 ²	R80.31	430	
Grant 3	11 Nov 15	10 Nov 18	24 500		24 500 ²			
Grant 4	15 Nov 16	10 Nov 19	6 415		6 415 ²			
			36 275		30 915		430	
Performance shares								
Grant 2	11 Feb 15	11 Feb 18	16 391		3 109 ³	R80.31	1 067	
Grant 3	17 Feb 16	17 Feb 19	16 900		16 900 ²			
Grant 4	15 Feb 17	15 Feb 20	18 000		18 000 ²			
			51 291		38 009		1 067	
Restricted shares elective deferral								
Grant 3	11 Nov 15	11 Nov 18	50 866		25 433 ²	R81.72	2 078	
			50 866		25 433		2 078	
Total			330 032		285 957	44 075	3 575	

Notes:

¹ Settled using a TSR multiplier of 81.03%.

² Forfeited due to resignation.

³ Forfeited due to TSR position being below the lower quartile.

35. DIRECTORS' AND PRESCRIBED OFFICERS' continued

Executive directors' share scheme details

I Soomra

2018 Scheme	Award date	Initial vesting date	Options as at 30 Sept 2017		Options awarded during the year		Options forfeited during the year		Option exercised during the year		Options as at 30 Sept 2018		Fair value ¹ (R'000)	Expiry date
			Number	Price	Number	Price	Number	Price	Number	Price (R'000)	Vested	Unvested		
Phantom share options Grant 8	1 Jul 13	1 Jul 16	120 000	R81.21							120 000			1 Jul 19
			120 000								120 000			
Share appreciation rights	12 Feb 14	12 Feb 17	14 867	R77.61			4 162 ⁴	R77.61			7 433	3 271	37	12 Feb 21
	11 Feb 15	11 Feb 18	11 934	R103.31			5 967 ³	R103.31				5 967		11 Feb 22
	17 Feb 16	17 Feb 19	21 700	R111.10			7 233 ³					14 467		17 Feb 23
	15 Feb 17	15 Feb 20	23 300	R116.81								23 300		15 Feb 24
	15 Feb 18	15 Feb 21			34 700	R82.27						34 700		15 Feb 25
Restricted shares			71 801		34 700		17 362				7 433	81 705	37	
	11 Feb 15	10 Feb 18	3 299						3 299 ²	R80.31		15 400	1 248	11 Feb 18
	11 Nov 15	10 Nov 18	15 400									4 837	392	11 Nov 18
	15 Nov 16	10 Nov 19	4 837						3 299			20 237	1 640	15 Nov 19
Performance shares			23 536											
	11 Feb 15	11 Feb 18	5 051				958 ⁴							11 Feb 18
	17 Feb 16	17 Feb 19	6 000						4 093	R80.31		6 000	486	17 Feb 19
	15 Feb 17	15 Feb 20	6 400									6 400	519	15 Feb 20
	15 Feb 18	15 Feb 21			9 600	R82.27						9 600	778	15 Feb 21
Total			17 451		9 600		958		4 093			22 000	1 783	
			232 788		44 300		18 320		7 392		127 433	123 942	3 460	

Notes:

¹ Fair value calculated using the closing VWAP at 30 September 2017 of R81.05.

² Settled using a TSR multiplier of 81.03%.

³ Forfeited due to 2018 HEPS performance target not achieved.

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

Notes to the summarised consolidated financial statements (continued)

for the year ended September 2018

35. DIRECTORS' AND PRESCRIBED OFFICERS' continued

Executive directors' share scheme details

T Giles

2018 Scheme	Award date	Initial vesting date	Options as at 30 Sept 2017		Options awarded during the year		Options forfeited during the year		Option exercised during the year		Options as at 30 Sept 2018		Fair value ¹ (R'000)	Expiry date
			Number	Price	Number	Price	Number	Price	Number	Price	Vested	Unvested		
Phantom share options	1 Jul 13	1 Jul 16	8 667	R81.21							8 667			1 Jul 19
			8 667								8 667			
Share appreciation rights	12 Feb 14	12 Feb 17	5 200	R77.61			1 456 ⁴	R77.61			2 600	1 144	13	12 Feb 21
	11 Feb 15	11 Feb 18	4 200	R103.31			2 100 ³	R103.31			2 100	2 100		11 Feb 22
	17 Feb 16	17 Feb 19	6 800	R111.10			2 267 ³	R111.10			4 533	4 533		17 Feb 23
	15 Feb 17	15 Feb 20	7 000	R116.81							7 000	7 000		15 Feb 24
	15 Feb 18	16 Feb 21			10 700	R82.27					10 700	10 700		15 Feb 25
Restricted shares			23 200		10 700		5 823				2 600	25 477	13	
	11 Feb 15	10 Feb 18	1 546						1 546 ²	R80.31		2 600	211	11 Feb 18
	11 Nov 15	10 Nov 18	2 600									1 842	149	11 Nov 18
	15 Nov 16	10 Nov 19	1 842											15 Nov 19
			5 988						1 546		4 442	360		
Performance shares	11 Feb 15	11 Feb 18	1 546						1 253	R80.31	293			11 Feb 18
	17 Feb 16	17 Feb 19	1 600								1 600	130		17 Feb 19
	15 Feb 17	15 Feb 20	1 700								1 700	138		15 Feb 20
	16 Feb 18	16 Feb 21			2 600	R82.27					2 600	211		16 Feb 21
			4 846		2 600				1 253		6 193	479		
Total			42 701		13 300		5 823		2 799		11 267	36 112	852	

Notes:

¹ Fair value calculated using the closing VWAP at 30 September 2017 of R81.05.

² Settled using a TSR multiplier of 81.03%.

³ Forfeited due to 2018 HEPS performance target not achieved.

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

35. DIRECTORS' AND PRESCRIBED OFFICERS' continued

Executive directors' share scheme details

FP Kuttel

2017 Scheme	Options as at 30 Sept 2016		Options awarded during the year		Options forfeited during the year		Option exercised during the year			Options as at 30 Sept 2017			Fair value ¹ (R'000)	Expiry date	
	Award date	Initial vesting date	Number	Price	Number	Price	Number	Price	Gain (R'000)	Vested	Unvested				
Phantom share options															
Grant 6	10 Feb 11	10 Feb 14	39 666	R34.42					39 666	R117.12	3 280				30 Nov 17
Grant 7	17 Feb 12	17 Feb 15	71 334	R41.44					71 334	R116.93	5 385				17 Feb 18
Grant 8	14 Feb 13	14 Feb 16	129 000	R63.46					86 000	R116.97	4 602		43 000	853	14 Feb 19
			240 000						197 000		13 267		43 000	853	
Share appreciation rights															
Grant 1	12 Feb 14	12 Feb 17	56 400	R77.61					18 800	R116.85	738		18 800	107	12 Feb 21
Grant 2	11 Feb 15	11 Feb 18	45 300	R103.31			18 800 ³	R77.61					30 200		11 Feb 22
Grant 3	17 Feb 16	17 Feb 19	48 200	R111.10			15 100 ³	R103.31					48 200		17 Feb 23
Grant 4	15 Feb 17	15 Feb 20			51 400	R116.81							51 400		15 Feb 24
			149 900		51 400		33 900		18 800		738		148 600	107	
Restricted shares															
Grant 1	12 Feb 14	11 Feb 17	1 959						1 959	R110.38	216				12 Feb 17
Grant 2	11 Feb 15	10 Feb 18	5 360										5 360	446	11 Feb 18
Grant 3	11 Nov 15	10 Nov 18	24 500										24 500	2 041	11 Nov 18
Grant 4	15 Nov 16	10 Nov 19			6 415								6 415	534	15 Nov 19
			31 819		6 415				1 959		216		36 275	3 021	
Performance shares															
Grant 1	12 Feb 14	12 Feb 17	20 308						47 318 ²	R110.38	5 223				12 Feb 17
Grant 2	11 Feb 15	11 Feb 18	16 391										16 391 ⁴		11 Feb 18
Grant 3	17 Feb 16	17 Feb 19	16 900										16 900	1 408	17 Feb 19
Grant 4	15 Feb 17	15 Feb 20			18 000								18 000	1 499	15 Feb 20
			53 599		18 000				47 318		5 223		51 291	2 907	
Restricted shares elective deferral															
Grant 3	11 Nov 15	11 Nov 18	50 866												
			50 866												
			526 184		75 815		33 900		265 077		19 444		330 032	11 125	
Total															

Notes:

¹ Fair value calculated using the closing VWAP at 29 September 2017 of R83.29.

² Settled using a TSR multiplier of 233%.

³ Forfeited due to 2017 HEPS performance target not being achieved.

⁴ As at 30 September 2017 TSR position was below the lower quartile.

Notes to the summarised consolidated financial statements (continued)

for the year ended September 2018

35. DIRECTORS' AND PRESCRIBED OFFICERS' continued

Executive directors' share scheme details

I Soomra

Scheme	Initial vesting date	Options as at 30 Sept 2016		Options awarded during the year		Options forfeited during the year		Option exercised during the year		Options as at 30 Sept 2017		Fair value ¹ (R'000)	Expiry date
		Award date	Number	Price	Number	Price	Number	Price	Number	Vested	Unvested		
2017 Phantom share options													
Grant 8	01 Jul 16	01 Jul 13	180 000	R81.21						60 000	60 000	250	01 Jul 19
			180 000							60 000	60 000	250	
Share appreciation rights													
Grant 1	12 Feb 14	12 Feb 17	22 300	R77.61			7 433 ³	R77.61		7 433	7 434	84	12 Feb 21
Grant 2	11 Feb 15	11 Feb 18	17 900	R103.31			5 966 ³	R103.31			11 934		11 Feb 22
Grant 3	17 Feb 16	17 Feb 19	21 700	R111.10							21 700		17 Feb 23
Grant 4	15 Feb 17	15 Feb 20			23 300	R116.81					23 300		15 Feb 24
			61 900		23 300		13 399			7 433	64 368	84	
Restricted shares													
Grant 1	12 Feb 14	11 Feb 17	1 752						1 752	R110.38			12 Feb 17
Grant 2	11 Feb 15	10 Feb 18	3 299								3 299	275	11 Feb 18
Grant 3	11 Nov 15	10 Nov 18	15 400								15 400	1 283	11 Nov 18
Grant 4	15 Nov 16	10 Nov 19			4 837						4 837	403	15 Nov 19
			20 451		4 837				1 752		23 536	1 961	
Performance shares													
Grant 1	12 Feb 14	12 Feb 17	6 391										12 Feb 17
Grant 2	11 Feb 15	11 Feb 18	5 051								5 051 ⁴		11 Feb 18
Grant 3	17 Feb 16	17 Feb 19	6 000								6 000	500	17 Feb 19
Grant 4	15 Feb 17	15 Feb 20			6 400						6 400	533	15 Feb 20
			17 442		6 400				14 892		17 451	1 033	
Total			279 793		34 537		13 399		76 644		165 355	3 328	

Notes:

¹ Fair value calculated using the closing VWAP at 29 September 2017 of R83.29.

² Settled using a TSR multiplier of 233%.

³ Forfeited due to 2017 HEPS performance target not being achieved.

⁴ As at 30 September 2017 TSR position was below the lower quartile.

35. DIRECTORS' AND PRESCRIBED OFFICERS' *continued*

Non-executive directors' remuneration

	COMPANY					
	2018			2017		
	Board fees R'000	Committee fees R'000	Total R'000	Board fees R'000	Committee fees R'000	Total R'000
ZBM Bassa	259	237	496	246	258	504
MA Brey	669	76	745	634	72	706
PG de Beyer	259	279	538	246	250	496
NP Doyle ¹	259	146	405	246	127	373
PB Matlare ³				93	27	120
I Mac Dougall ¹	259	92	351	246	116	362
S Pather	316	344	660	299	354	653
GG Fortuin ²	242	159	401	246	185	431
NV Simamane	259	203	462	246	210	456
Total	2 522	1 536	4 058	2 502	1 599	4 101

Notes:

¹ Paid to Tiger Brands Limited.

² Paid to Brimstone Investment Corporation Limited. GG Fortuin resigned from the board of directors effective 7 September 2018.

³ PB Matlare resigned from the board of directors effective 16 February 2017.

36. GROUP ENTITIES

The group's principal subsidiaries, associate and joint ventures, including applicable ownership interests, are detailed on page 76 and material non-controlling interests are disclosed in note 31. 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 32.

37. EVENTS AFTER THE REPORTING DATE

No events occurred after the reporting date that may have an impact on the group's and company's reported financial position at 30 September 2018 or require separate disclosure in these financial statements.

Interest in principal subsidiaries, associate and joint ventures

for the year ended 30 September 2018

Name of company	Notes	Nature of business	Issued capital	Effective holding	INTEREST OF HOLDING COMPANY			
					Cost of shares		Indebtedness	
			2018 R	2018 %	2017 R	2017 %	2018 R'000	2017 R'000
Anawandle Hake Proprietary Limited		Hake	400	75	400	75	17 145	6 468
Anawandle Pelagic Proprietary Limited		Canned fish, fishmeal/oil	400	75	400	75	216	(82 096)
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	(105 410)
Calamari Fishing Proprietary Limited		Squid	4 000	100	4 000	100	(9 235)	(3 527)
Cerotic Fishing Proprietary Limited		Horse mackerel	7 500	48	7 500	48		
Commercial Cold Storage Proprietary Limited		Cold storage	100	100	100	100	5 584	(33 184)
Commercial Cold Storage (Ports) Proprietary Limited		Holding company	1 000 000	100	1 000 000	100	6 986	
Commercial Cold Storage (Namibia) Proprietary Limited – Namibia		Cold storage	100	70	100	70		
Commercial Cold Storage (Namibia) Proprietary Limited – Namibia		Cold storage	10 000	100	10 000	100	(111 040)	(104 624)
Compass Trawling Proprietary Limited		Hake	1 000	45	1 000	61		
Desert Diamond Fishing Proprietary Limited		Horse mackerel	120	90	120	90	(49 467)	22 403
Oceana US Investment Holdings Corporation – United States of America		Holding company	3 221 400 000	100	3 221 400 000	100	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	2 241	(5 152)
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		Fishmeal/oil	510 930 000	25	510 930 000	25	(88 353)	(140 051)
Erongo Marine Enterprises Proprietary Limited – Namibia		Horse mackerel	100	100	100	100		
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		Canned fish, fishmeal/oil	9 085	45	9 085	45	10 988	15
Le Monde Holdings Limited – Seychelles		Cold storage	116	100	116	100		
MFV Romano Paulo Vessel Company Proprietary Limited		Rock lobster	3 000	35	3 000	35		
Ntutif Proprietary Limited		Hake	100	65	100	65	34 558	31 792
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	(1 801 877)
Oceana Africa Holdings Limited – Mauritius		Holding company	100	100	100	100		
Oceana Peche International Limited – Mauritius		Fishmeal/oil	50	50			5	
Oceana Empowerment Trust		Empowerment Trust	n/a	n/a	n/a	n/a		1 787
Oceana Lobster Limited		Rock lobster	965 500	100	965 500	100	(684)	(10 390)
Oceana Boa Pesca Limitada – Angola		Fishmeal/oil	2 444 000	50	2 444 000	50	18 199	17 326
Ulwandle Inshore Proprietary Limited		Hake	1 000	100	1 000	100	24	
Stephan Rock Lobster Packers Limited		Rock lobster	200 000	51	200 000	51	(169)	189
							3 310 402	3 310 402
							(2 001 011)	(2 206 332)

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 (2017: 18) wholly-owned subsidiaries and 16 (2017: 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 Oceana Peche International Limited was incorporated on 9 November 2017 as a private company.

⁴ The trust is funded by capital contributions from Oceana Group Limited and participating South African subsidiary companies.

Interest in joint operations

at 30 September 2018

	2018 %	2017 %
EFFECTIVE HOLDING		
The amounts below are recognised in the group's annual financial statements as a result of its interest in joint operations. The only significant joint operation is:		
Realeka/Premier JV (un-incorporated joint operation of Blue Continent Products Proprietary Limited)	52	52
	R'000	R'000
REVENUE	16 628	37 266
Expenses	(14 917)	(20 993)
Profit after taxation	1 711	16 273
STATEMENT OF FINANCIAL POSITION		
Current assets	13 319	6 863
Current liabilities		
– Interest-free	(357)	(4 516)
STATEMENT OF CASH FLOWS		
Operating profit	1 711	16 273
Working capital changes	2 765	(4 494)
Net increase in cash and cash equivalents	4 476	11 779

Shareholder analysis

at 30 September 2018

SHAREHOLDER SPREAD	Number of shareholders	%	Number of shares	%
1 – 1 000 shares	856	57.6	295 769	0.2
1 001 – 10 000 shares	425	28.6	1 424 040	1.1
10 001 – 100 000 shares	151	10.2	4 799 605	3.5
100 001 – 1 000 000 shares	43	2.9	15 168 169	11.2
1 000 001 shares and over	12	0.7	113 838 571	84.0
	1 487	100.0	135 526 154	100.0
DISTRIBUTION OF SHAREHOLDERS				
Banks	41	2.8	6 562 549	4.8
Brokers	17	1.1	347 179	0.3
Close corporations	19	1.3	35 024	–
Empowerment	1	0.1	23 007 113	17.0
Individuals	1 064	71.4	2 035 395	1.5
Insurance companies	22	1.5	631 183	0.5
Investment companies	1	0.1	114	–
Mutual funds	110	7.4	16 301 715	12.0
Nominees and trusts	111	7.5	368 200	0.3
Other corporate bodies	9	0.6	318 312	0.2
Pension funds	51	3.4	9 818 704	7.2
Private companies	37	2.5	344 653	0.3
Public companies	1	0.1	57 104 774	42.1
Treasury shares held by share trusts	2	0.1	13 556 889	10.0
Treasury shares held by subsidiary	1	0.1	5 094 350	3.8
	1 487	100.0	135 526 154	100.0
SHAREHOLDER TYPE				
Non-public shareholders	34	2.4	99 010 126	73.1
Directors and employees	29	2.0	247 000	0.2
Treasury shares held by share trusts	2	0.1	13 556 889	10.0
Treasury shares held by subsidiary	1	0.1	5 094 350	3.8
Empowerment	1	0.1	23 007 113	17.0
Other holdings greater than 10%	1	0.1	57 104 774	42.1
Public shareholders	1 453	97.6	36 516 028	26.9
	1 487	100.0	135 526 154	100.0
SHAREHOLDERS HOLDING IN EXCESS OF 5%				
Tiger Brands Limited			57 104 774	42.1
Brimstone Investment Corporation Limited			23 007 113	17.0
Oceana Empowerment Trust			13 540 389	10.0

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
PO Box 61051, Marshalltown, 2107
Telephone: 011 370 5000
Facsimile: 011 688 5216

SECRETARY

JC Marais (45)
BA LLB
Appointed in 2011

BANKERS

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

AUDITORS

Deloitte & Touche

JSE SPONSOR

The Standard Bank of South Africa Limited

NSX SPONSOR

Old Mutual Investment Services (Namibia) Proprietary Limited

DIRECTORS

CHAIRMAN

Mustaq Ahmed Brey[†] (64)

CHIEF EXECUTIVE OFFICER

Imraan Soomra^{†*} (43)

NON-EXECUTIVE DIRECTORS

LEAD INDEPENDENT DIRECTOR

Saamsoodein Pather^{*†} (68)
Zarina Bibi Mahomed Bassa^{*?} (54)
Peter Gerard de Beyer^{*†} (63)
Noel Patrick Doyle[†] (52)
Lawrence Charles Mac Dougall[†] (61)
Nomahlubi Victoria Simamane^{•†} (58)

PRESCRIBED OFFICERS

INTERIM CHIEF FINANCIAL OFFICER

Trevor Giles^{*?} (48)

^{*} Audit Committee

[?] Risk Committee

[†] Remuneration and Nominations Committee

[°] Executive director

[•] Social, Ethics and Transformation Committee

Notes

[illegible]



