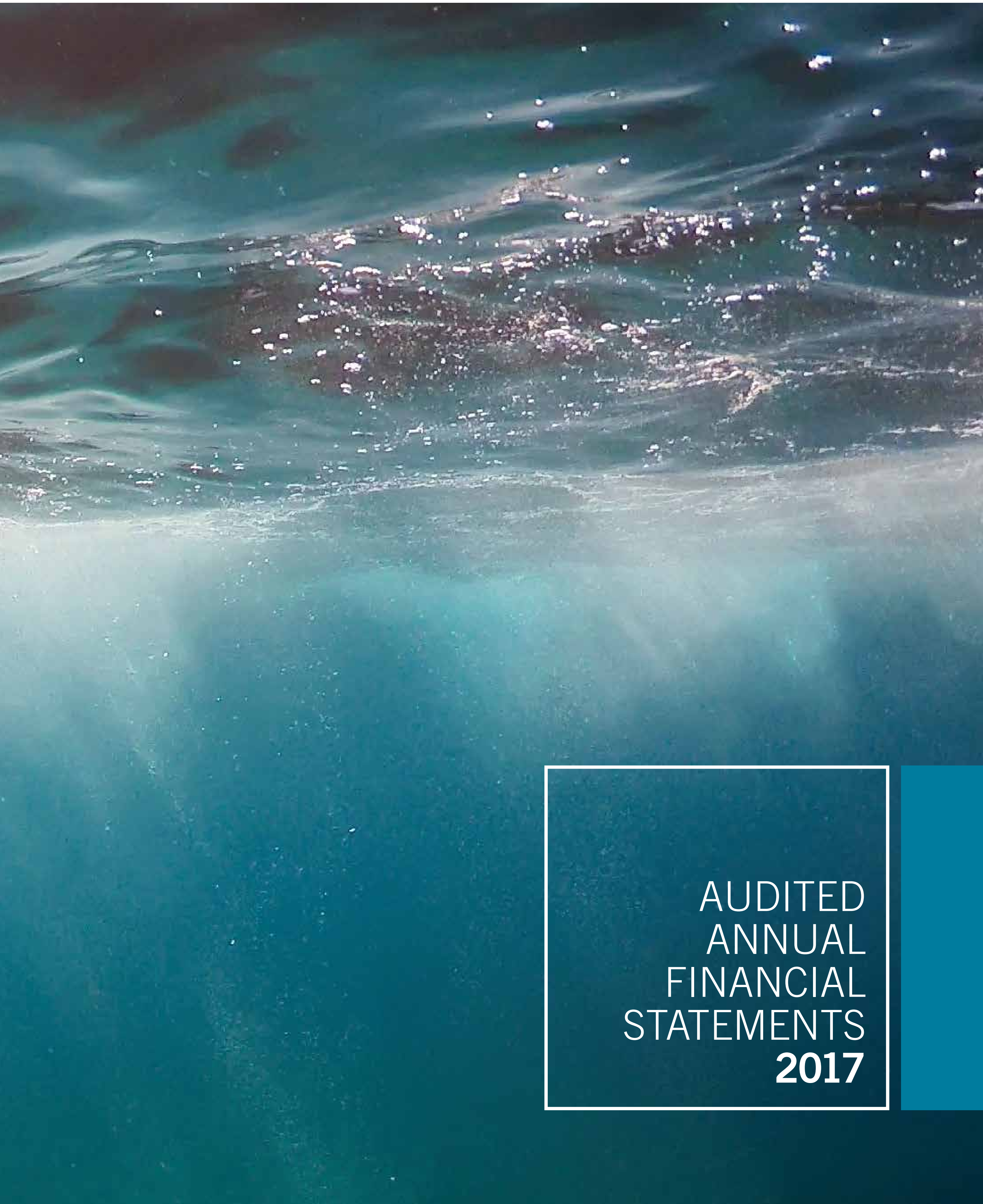
OCEANA GROUP



AUDITED ANNUAL FINANCIAL STATEMENTS 2017

CONTENTS

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

APPROVAL OF ANNUAL FINANCIAL STATEMENTS

The group annual financial statements and the company annual financial statements for the year ended 30 September 2017, which appear on pages 6 to 76, were approved by the board of directors on 16 November 2017 and signed on its behalf by:

MA Brey
Chairman

FP Kuttel
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 chief financial officer, I Soomra 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
16 November 2017

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 10 to 75, which comprise the statements of financial position as at 30 September 2017, 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 2017, 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 financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

There are no 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 – Refer to note 11 – Intangible Assets	
Goodwill and indefinite useful life intangible assets comprise 41% (2016: 39%) of the total assets of the group and are disclosed in note 11. These assets arose primarily in the acquisition of businesses in the previous periods. 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. As disclosed in note 11, there are a number of key sensitive judgements made in determining the inputs into these models which include: • Forecasted revenue growth being volume and price growth rates; and • Discount rates (weighted average cost of capital), applied to the projected future cash flows.	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: • Critically evaluating whether the model used by the directors to calculate the value in use of the individual Cash-Generating Units ("CGUs") complies with the requirements of IAS 36 – *Impairment of Assets* (IAS 36); • Engaging our internal specialists 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 by comparing them to the directors' projections to determine whether they are reasonable and supportable given the current macroeconomic climate and expected future performance of the CGUs; • Comparing the 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 impact on the value-in-use; • Recalculating the value-in-use of the cash generating units; and • Assessing the adequacy of the group's disclosures in respect of goodwill and indefinite useful life intangible assets in the notes to the consolidated financial statements.

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.	Consider 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 adequate.
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 and penalties and could 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 any potential non-compliance and the reliance on the 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 compliance with quota conditions and allocations focused on the following audit procedures: • Assessing of 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. • 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 quota allocation and compliance with the permit conditions.
Valuation of Westbank put option – Refer note 23 – Derivative Liabilities	
As noted in note 23 in the consolidated financial statements, in terms of the Westbank operating agreement the remaining shareholders of Westbank Fishing Limited Liability Company ("Westbank") can put their 75% equity stake in Westbank to Daybrook Fisheries Incorporated ("Daybrook") or its nominee upon fulfilling certain conditions, before expiry 15 November 2017. Effective 1 November 2016, Westbank exercised the put option which triggers the payment of the USD31.5 million strike price plus the put option premium as well as any unpaid distributions on the expiry date noted above. The existence of the put option on shares of the associate Westbank gives rise to a financial liability and is subject to the measurement principles of IFRS 13 – Fair Value Measurement (IFRS 13). Key judgements are made by the directors to value the option to acquire shares due to the unquoted share price of Westbank. The option to acquire the shares in Westbank is valued using the discounted cash flow method which includes forecast annual revenue growth rates, earnings before interest, tax, depreciation and amortisation ("EBITDA") margins and an appropriate discount rate. As disclosed in note 23 and described above, there are a number of key sensitive judgements made in determining the inputs into this valuation model. Accordingly the valuation of this financial liability is considered to be a key audit matter.	We focused our testing on the key assumptions made by the Directors in the determination of fair value of the option. Our audit procedures included: • Obtaining an understanding and challenging the directors' assumptions in determining the fair value measurement of the put option and compliance with the requirements of IFRS 13; • Engaging our internal specialists to independently assess whether the model used by the directors to calculate the value is appropriate and in compliance with the requirements of IFRS 13; • Subjecting the key assumptions to sensitivity analysis; • Performing a retrospective review of the directors' projected cash flows and assumptions with reference to current period performance and forecasts; • Recalculating the value of the liability; and • Assessing the adequacy of the group's disclosures in respect of put option in the notes to the consolidated financial statements. We consider that the accounting for the valuation of the Westbank put option is appropriate, the assumptions appear reasonable and the related disclosures adequate.

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 Report of the Directors, the Report of the Audit Committee and the Report of the Company Secretary as required by the Companies Act of South Africa, which we obtained prior to the date of this report, and the Integrated Report, which is expected to be made available to us after that date. The other information does not include the consolidated and separate financial statements and our Auditor's Report thereon.

Our opinion on the consolidated and separate financial statements does not cover the other information and we do not 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 and 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 and separate 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 75 years.

Deloitte & Touche.

Deloitte & Touche
Registered auditor

Per C Ringwood
Partner

16 November 2017

1st Floor, The Square
Cape Quarter
27 Somerset Road
Green Point 8005
Western Cape

REPORT OF THE DIRECTORS

The directors submit their report which forms part of the annual financial statements for the year ended 30 September 2017.

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 81 016 shares (2016: 84 048 shares) were allotted in terms of the companys' share scheme. Premiums totalling R1.2 million (2016: R1.3 million) in respect of these allotments have been credited to stated capital.

Details of the authorised and issued share capital of the company are set out in note 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 20.

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.

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 R14.7 million on expansion (2016: R13.9 million) and R139.7 million on replacement assets (2016: R196.4 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
2017		
FP Kuttel	**285 955**	**285 955**
I Soomra	**72 987**	**72 987**
2016		
FP Kuttel	136 284	136 284
I Soomra	69 893	69 893

There have been no changes in the above interest since the year-end. 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 74 and 75.

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:

	2017 R'000	2016 R'000
Total profit after taxation attributable to shareholders of Oceana Group limited	**508 278**	855 332
Total losses after taxation attributable to shareholders of Oceana Group limited	**50 007**	11 620

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 2017, and the statements of comprehensive income, statements of changes in equity and cash flows for the period 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.

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 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

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

Events subsequent to the reporting date

In terms of an addendum to the Westbank Fishing Limited Liability Company operating agreement entered into on 31 October 2017, the put closing date of 15 November 2017 was extended to 15 February 2018 on which date the put option strike price (USD31.5 million) as well as any unpaid distributions will be due for payment. In addition it was agreed that the put option premium (USD15.0 million) will be paid no later than 15 January 2018. No other events occurred after the reporting date that may have an impact on the group's reported financial position at 30 September 2017 or require separate disclosure in these financial statements.

REPORT OF THE AUDIT COMMITTEE

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 16 February 2017 to hold office until the conclusion of the next annual general meeting (AGM) scheduled for 15 February 2018, 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. The charter was reviewed in August 2017 to ensure alignment with King IV.

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 77. 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 twice 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, NP Doyle (non-executive director), GG Fortuin (non-executive director) and T Giles (group finance executive) 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 Mrs C Ringwood as the designated partner for such appointment at the AGM scheduled for 15 February 2018.

Additionally, in terms of its charter, it is responsible for the appointment of the company's internal auditors. KPMG performed this function for the year under review.

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. Mrs C Ringwood was appointed as the designated auditor on 17 February 2015 for the first time. 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 mitigant 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 exceeded the 50% of audit fees threshold. Management had however obtained the committee's approval for those fees incurred in excess of the threshold. The committee assessed Deloitte and is satisfied that they are independent of the company. 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.

REPORT OF THE AUDIT COMMITTEE (Continued)

Significant matters in relation to annual financial statements

The External Auditors' 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 of intangible assets;
- fishing rights and quotas; and
- and valuation of Westbank put option.

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. KPMG were appointed as the internal auditors for the reporting period. Mr Tony Wright, a director at KPMG, has fulfilled the role of chief audit executive as part 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 that for the reporting period both the internal audit function and the chief audit executive had performed their duties and responsibilities as mandated by the committee.

In addition, the internal auditors followed up on all previously reported findings, and where progress against previously agreed management action were deemed insufficient, such findings were escalated to the Audit Committee in accordance with the reporting framework.

The committee initiated a review of its internal audit function in 2017 to consider the merits of an outsourced *versus* in-house internal audit function. A decision was taken to retain the outsourced model for 2018. A tender process is underway to ensure that the appointment of the internal auditor for the 2018 reporting period aligns with King IV. KPMG will continue to act as the company's internal auditors until finalisation of the tender process.

Assurance

Each year the committee reviews, updates and approves an internal audit plan. The chief audit executive attends the Risk 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.

CFO and finance function

The committee is satisfied with the expertise, competence and skill of the 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 financial 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 there 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 code, 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's information management and information systems (IS) are governed by a collection of documented policies and procedures. The IS charter, sets the overall purpose of the function, its management and security. Strategic planning has a three-year time horizon. The IS department presents an Annual Governance Report to the Audit Committee, covering, *inter alia*, policy, strategy, disaster recovery plans, security management and technical architecture. The strategic initiative for 2017 and 2018 is the implementation of the SAP business application. A Steering Committee including key stakeholders has been established to provide executive level leadership and to steer the project to completion. The Steering Committee meets monthly to approve project deliverables, resolve issues and policy decisions, review and approve scope changes and provide direction and guidance to the project. An overarching Information Governance policy will be rolled out in early 2018. A Protection of Personal Information implementation plan is in place to ensure compliance with the Protection of Personal Information Act No 4 of 2013.

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 Listing Requirements, its board mandate and charter.

The committee has performed the following statutory and other duties:

- 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 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; and 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 in 2016. A self-assessment was conducted this year and the Board is satisfied, based on the results of the self-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 2018.

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
16 November 2017

ACCOUNTING POLICIES

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 financial statements 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 of 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 exceeds the group's interest in that associate or joint venture, the group discontinues recognising its share of further losses.

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.

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.

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.

ACCOUNTING POLICIES (Continued)

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.

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.

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.

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.

ACCOUNTING POLICIES (Continued)

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 amortisation, 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 is 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 nil. The useful life of the dry-docking is reviewed at least at each financial year-end based on market conditions, regulatory requirements and business plans.

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

16. BUSINESS COMBINATIONS

Acquisitions of subsidiaries and businesses are accounted for using the acquisition method.

The consideration paid for each acquisition is measured at fair value at the date of acquisition as the aggregate of assets transferred, liabilities incurred or assumed, and the equity instruments issued by the group, in exchange for control of the acquiree acquisition costs are expensed as incurred.

If the initial accounting for a business combination is incomplete by the end of the first reporting period in which the combination occurs, the group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period, or additional assets or liabilities are recognised, to reflect new information obtained about facts or circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognised as of that date.

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.

17. 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 CGU's.

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 CGU's 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.

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

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 policy.

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 – 3**

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 reflect current market assessments.

ACCOUNTING POLICIES (Continued)

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

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

19. 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 cost are included.

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 at fair value. Cash and cash equivalents are subsequently measured at amortised cost.

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.

20. 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 in the derivative instrument are recognised in other comprehensive income as a hedging reserve in the statement of changes in equity and recycled to profit or loss when the hedge 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.

21. 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.

22. 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.

23. 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.

24. 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.

25. 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.

26. 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.

ACCOUNTING POLICIES (Continued)

- 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. The French fries part of this segment was disposed of during the prior year.
- 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.

27. 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.

- **Business combinations**
  The recognition of business combinations requires the excess of the purchase price of acquisitions over the net book value of assets acquired to be allocated to the assets and liabilities of the acquired entity. The directors have made judgements and estimates in determining the fair value allocation of the purchase price and the amortisation periods in respect of intangible assets recognised.

- **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 are made by the directors in determining the present value of future cash flows of CGUs 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. 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.

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 2018:

- IAS 7 Cash Flow Statements (amendments) – effective for annual periods beginning on or after 1 January 2017.

  The amendments require disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flow and non-cash changes. The amendments are intended to provide information to help investors better understand changes in a company's debt. To satisfy the new disclosure requirements, the group intends to present a reconciliation between the opening and closing balances for liabilities with changes arising from financing activities.
- IAS 12 Income Taxes (amendments) – effective for annual periods beginning on or after 1 January 2017.

  The amendments clarify the accounting for deferred tax assets for unrealised losses on debt instruments measured at fair value.

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

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 is assessing 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 is in the process of performing an initial assessment on the impact of IFRS 15, however, does not expect that there will be a significant impact on its separate and consolidated financial statements.
- 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 initial 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 specific or general 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 lease sheet accounting model for lessees. A lessee recognises a right-of-use asset representing its right to use the underlying asset and a 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 has started an initial assessment of the potential impact on its 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 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.

- IFRS 1 First-Time Adoption of International Financial Reporting Standards: (amendments)
- IFRS 5 Non-Current Assets Held For Sale and Discontinued Operations: (amendments)
- IFRS 7 Financial Instruments: Disclosure (amendments)
- IFRS 10 Consolidated Financial Statements: (amendments)
- IFRS 11 Joint Arrangements: (amendments)
- IFRS 12 Disclosure of Interest in Other Entities: (amendments)
- IAS 1 Presentation of Financial Statements: (amendments)
- IAS 16 Property, Plant and Equipment: (amendments)
- IAS 19 Employee Benefits: (amendments)
- IAS 28 Investment in Associates and Joint Ventures: (amendments)
- IAS 38 Intangible Assets: (amendments)

STATEMENTS OF COMPREHENSIVE INCOME

for the year ended 30 September 2017

	Notes	GROUP 2017 R'000	GROUP 2016 R'000	COMPANY 2017 R'000	COMPANY 2016 R'000
Revenue	1	**6 807 927**	8 243 988	**541 192**	867 112
Cost of sales		**4 360 013**	5 051 014		
Gross profit		**2 447 914**	3 192 974	**541 192**	867 112
Sales and distribution expenditure		**548 078**	599 036		
Marketing expenditure		**48 299**	62 702		
Overhead expenditure		**795 533**	1 022 029	**142 824**	216 194
Net foreign exchange loss/(gain)		**60 940**	(72 723)	**(3 962)**	1 126
Operating profit before associate and joint venture income	2	**995 064**	1 581 930	**402 330**	649 792
Associate and joint venture income	15	**6 364**	47 561		
Operating profit before other operating items		**1 001 428**	1 629 491	**402 330**	649 792
Other operating income/(expense) items	4	**8 701**	100 187	**(22)**	67 409
Operating profit		**1 010 129**	1 729 678	**402 308**	717 201
Investment income	5	**29 248**	22 089	**28 345**	22 578
Interest paid	6	**(372 405)**	(385 202)	**(27 815)**	(17 942)
Profit before taxation		**666 972**	1 366 565	**402 838**	721 837
Taxation	7	**187 622**	408 276	**7 169**	8 213
Profit after taxation		**479 350**	958 289	**395 669**	713 624
Other comprehensive (loss)/income					
Items that may be reclassified subsequently to profit or loss:					
Movement on foreign currency translation reserve		**(145 763)**	716		
Movement on foreign currency translation reserve from associate and joint ventures		**(8 234)**	(24 847)		
Movement on cash flow hedging reserve		**9 438**	(49 517)		
Movement on fuel hedging reserve			1 757		
Income tax related to loss recognised in equity		**70**	2 508		
Other comprehensive loss, net of taxation		**(144 489)**	(69 383)		
Total comprehensive income for the year		**334 861**	888 906		
Profit after taxation attributable to:					
Shareholders of Oceana Group Limited		**468 310**	916 446		
Non-controlling interests		**11 040**	41 843		
		479 350	958 289		
Total comprehensive income attributable to:					
Shareholders of Oceana Group Limited		**323 821**	847 063		
Non-controlling interests		**11 040**	41 843		
		334 861	888 906		
Earnings per share (cents)	8				
– Basic		**401.3**	785.8		
– Diluted		**366.5**	715.5		

STATEMENTS OF FINANCIAL POSITION

at 30 September 2017

		GROUP		COMPANY	
	Notes	**2017 R'000**	2016 R'000	**2017 R'000**	2016 R'000
ASSETS					
Non-current assets		**6 493 594**	6 735 686	**3 474 190**	3 433 661
Property, plant and equipment	10	**1 604 099**	1 669 373	**28 320**	19 751
Intangible assets	11	**4 434 878**	4 605 275	**64 792**	31 917
Derivative assets	12	**1 837**	7 636		
Deferred taxation	13	**27 616**	27 714	**21 689**	21 986
Investments and loans	14	**115 424**	105 024	**588**	783
Interest in subsidiaries, associate and joint ventures	15	**309 740**	320 664	**3 310 402**	3 310 425
Loan receivable from Oceana Group Share Trust	16			**502**	689
Loan receivable from Oceana Empowerment Trust	17			**47 897**	48 110
Current assets		**3 549 631**	4 371 115	**514 871**	592 971
Inventories	18	**1 201 049**	1 393 337		
Accounts receivable	19	**1 071 444**	1 551 170	**33 976**	46 880
Taxation		**55 098**	113 666		1 754
Amounts owing by subsidiaries, associate and joint ventures	15			**79 979**	186 433
Cash and cash equivalents		**1 222 040**	1 312 942	**400 916**	357 904
Total assets		**10 043 225**	11 106 801	**3 989 061**	4 026 632
EQUITY AND LIABILITIES					
Capital and reserves		**3 756 629**	4 007 699	**1 626 056**	1 845 164
Stated capital	20	**1 184 194**	1 188 680	**1 301 513**	1 307 234
Foreign currency translation reserve		**265 912**	419 909		
Capital redemption reserve			130		
Cash flow hedging reserve	21	**(12 148)**	(21 656)		
Share-based payment reserve	29	**92 586**	102 083	**25 139**	28 393
Distributable reserve		**2 134 148**	2 215 919	**299 404**	509 537
Interest of own shareholders		**3 664 692**	3 905 065	**1 626 056**	1 845 164
Non-controlling interests	31	**91 937**	102 634		
Non-current liabilities		**3 924 245**	5 121 783	**8 237**	48 873
Liability for share-based payments	29	**17 019**	100 126	**8 237**	48 873
Long-term loan	22	**3 209 875**	4 145 142		
Derivative liabilities	23	**6 283**	176 301		
Deferred taxation	13	**691 068**	700 214		
Current liabilities		**2 362 351**	1 977 319	**2 354 768**	2 132 595
Accounts payable	24	**1 178 731**	1 284 262	**68 454**	91 536
Current portion – long-term loan	22	**954 026**	584 652		
Current portion – derivative liabilities	23	**164 181**			
Provisions	25	**43 210**	57 676		
Amounts owing to subsidiaries, associate and joint ventures	15			**2 286 311**	2 041 059
Taxation		**22 203**	50 729	**3**	
Total equity and liabilities		**10 043 225**	11 106 801	**3 989 061**	4 026 632

STATEMENTS OF CHANGES IN EQUITY

for the year ended 30 September 2017

	Notes	Stated capital R'000	Foreign currency translation reserve R'000	Capital redemption reserve R'000
Group				
Balance at 1 October 2015		1 187 399	444 040	130
Total comprehensive income for the year			(24 131)	
Movement on foreign currency translation reserve			716	
Movement on foreign currency translation reserve from associate and joint ventures			(24 847)	
Movement on cash flow hedging reserve	21			
Movement on fuel hedging reserve	21			
Income tax related to loss recognised in equity				
Profit after taxation				
Decrease in treasury shares held by share trusts		1 281		
Share-based payment expense	29			
Profit on sale of treasury shares				
Non-controlling interest on disposal of business				
Oceana Empowerment Trust dividend distribution				
Dividends	9			
Balance at 30 September 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	21			
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	29			
Profit on sale of treasury shares				
Oceana Empowerment Trust dividend distribution				
Dividends	9			
Balance at 30 September 2017		**1 184 194**	**265 912**	
Company				
Balance at 1 October 2015		1 307 234		
Total comprehensive income for the year				
Recognition of share-based payments	29			
Dividends	9			
Balance at 30 September 2016		**1 307 234**		
Total comprehensive income for the year				
Recognition of share-based payments	29			
Transfer between reserves		**(5 721)**		
Dividends	9			
Balance at 30 September 2017		**1 301 513**		

Fuel hedging reserve R'000	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
(1 757)	25 353	73 111	1 755 638	3 483 914	80 372	3 564 286
1 757	(47 009)		916 446	847 063	41 843	888 906
				716		716
				(24 847)		(24 847)
	(49 517)			(49 517)		(49 517)
1 757				1 757		1 757
	2 508			2 508		2 508
			916 446	916 446	41 843	958 289
				1 281		1 281
		28 972		28 972	1	28 973
			1 136	1 136		1 136
					(56)	(56)
			(24 632)	(24 632)		(24 632)
			(432 669)	(432 669)	(19 526)	(452 195)
	(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**
		10 639	298 714	1 616 587		1 616 587
			713 624	713 624		713 624
		17 754		17 754		17 754
			(502 801)	(502 801)		(502 801)
		28 393	**509 537**	**1 845 164**		**1 845 164**
			395 669	**395 669**		**395 669**
		(8 975)		**(8 975)**		**(8 975)**
		5 721				
			(605 802)	**(605 802)**		**(605 802)**
		25 139	**299 404**	**1 626 056**		**1 626 056**

STATEMENTS OF CASH FLOWS

for the year ended 30 September 2017

		GROUP		COMPANY	
	Notes	**2017 R'000**	2016 R'000	**2017 R'000**	2016 R'000
Cash operating profit	27.1	**1 146 669**	1 726 577	**378 082**	678 669
Working capital changes	27.2	**560 579**	(95 483)	**(10 178)**	(5 671)
Cash generated from operations		**1 707 248**	1 631 094	**367 904**	672 998
Investment income received		**37 966**	86 470	**28 345**	22 578
Interest paid		**(344 895)**	(337 497)	**(27 815)**	(17 942)
Taxation paid	27.3	**(148 456)**	(707 658)	**(5 115)**	(13 031)
Special distribution of profits to Oceana Empowerment Trust Beneficiaries			(15 469)		
Dividends paid	27.4	**(573 243)**	(476 827)	**(605 802)**	(502 801)
Net cash inflow/(outflow) from operating activities		**678 620**	180 113	**(242 483)**	161 802
Cash (outflow)/inflow from investing activities		**(191 097)**	(56 352)	**55 291**	(43 357)
Replacement capital expenditure		**(139 746)**	(196 424)	**(13 155)**	(12 710)
Expansion capital expenditure		**(14 730)**	(13 883)		
Replacement of intangible assets		**(38 772)**	(31 281)	**(38 726)**	(31 259)
Proceeds on disposal of property, plant and equipment		**15 900**	1 382		
(Payment)/proceeds on disposal of non-current assets held for sale	27.5	**(2 900)**	114 314		
Proceeds on disposal of businesses	27.6		73 371		69 471
Movement on loans and advances		**(11 167)**	6 564		
Increased contribution to joint venture	27.7		(10 078)		(10 078)
Decrease/(increase) of investment		**318**	(317)	**318**	(317)
Movement on amounts owing by subsidiaries and joint ventures				**106 854**	(58 464)
Cash (outflow)/inflow from financing activities		**(553 613)**	1 954	**230 204**	(29 735)
Proceeds from issue of share capital		**2 387**	2 417		
Short-term borrowings repaid		**(831 260)**	(281 438)		
Long-term loan raised		**300 000**	300 000		
Equity-settled share-based payment		**(24 740)**		**(15 048)**	
Cost associated with debt raising			(19 025)		
Movement on amounts owing to subsidiaries and joint ventures				**245 252**	(29 735)
Net (decrease)/increase in cash and cash equivalents		**(66 090)**	125 715	**43 012**	88 710
Net cash and cash equivalents at the beginning of the year		**1 312 942**	1 181 273	**357 904**	269 194
Effect of exchange rate changes		**(24 812)**	5 954		
Net cash and cash equivalents at the end of the year	27.8	**1 222 040**	1 312 942	**400 916**	357 904

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 30 September 2017

	GROUP		COMPANY	
	2017 R'000	2016 R'000	**2017 R'000**	2016 R'000
1. REVENUE				
The main categories of revenue are set out below:				
Sale of goods				
Canned fish and fishmeal (Africa)	**3 768 707**	4 275 576		
Fishmeal and fish oil (USA)	**1 438 605**	1 930 923		
Horse mackerel and hake	**1 054 153**	1 227 310		
Lobster and squid	**144 907**	136 622		
Rendering of services				
Commercial cold storage and logistics	**401 555**	434 780		
Administration fees from subsidiaries, associate and joint ventures			**155 560**	226 222
Dividends received from subsidiaries, associate and joint ventures			**385 632**	640 890
Disposed operations		238 777		
	6 807 927	8 243 988	**541 192**	867 112
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			**9**	25
Foreign exchange gain		72 723	**3 962**	
Gain on fair value movements arising from derivative instruments		42 623		
Profit on change of interest in investment	**122**		**122**	
Share-based payments – cash-settled compensation scheme	**7 475**		**4 367**	
Expenditure				
Foreign exchange loss	**60 940**			1 126
Loss on fair value movements arising from derivative instruments	**243**	2 732		
Net loss on disposal of property, plant and equipment and intangible assets	**1 200**	3 494	**94**	10
Auditors' remuneration				
Fees for audit – current year	**8 706**	8 938	**1 520**	1 995
Fees for audit – prior year (overprovision)/underprovision	**(88)**	866		
Expenses	**101**	243		
Other services	**5 662**	6 942	**615**	1 293
	14 381	16 989	**2 135**	3 288
Depreciation of property, plant and equipment				
Buildings	**29 664**	36 083	**125**	
Plant, equipment and motor vehicles	**91 797**	103 156	**4 381**	4 452
Fishing vessels and nets	**56 809**	64 095		
	178 270	203 334	**4 506**	4 452
Amortisation of intangible assets				
Fishing rights	**25 016**	27 015		
Computer software	**8 346**	6 056	**5 837**	2 267
Non-competes	**16 419**	17 796		
Customer relations	**7 787**	6 184		
	57 568	57 051	**5 837**	2 267
Administrative, technical and secretarial fees	**22 909**	38 308	**7 107**	9 957
Operating lease expenses				
Properties	**107 847**	94 014	**4 467**	5 282
Equipment and vehicles	**21 212**	18 025		
Employment costs	**908 248**	1 063 768	**71 223**	93 014
Retirement costs	**56 986**	57 142	**7 332**	7 697
Share-based payments – cash-settled compensation scheme		58 539		26 476
Share-based payments – equity-settled compensation scheme	**8 999**	26 600	**5 931**	13 811
Share-based payments – Oceana Empowerment Trust	**663**	2 373	**142**	316

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (Continued)

for the year ended 30 September 2017

3. SEGMENTAL RESULTS

2017 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
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 inlude 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
Revenue[1]	3 641 248	412 486	1 137 749	753 315	623 775	239 354	6 807 927
Non-current assets[2]	888 863		5 150 114				6 038 977

3. SEGMENTAL RESULTS *continued*

	GROUP								
2016 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	Disposed operations[4]	Deferred taxation R'000	Financing[3] R'000	Total R'000
Operating results									
Revenue	4 275 576	1 930 923	1 227 310	136 622	434 780	238 777			8 243 988
Operating profit before other operating items	528 464	668 152	269 384	21 145	132 430	9 916			1 629 491
Other operating items	28 707		14 863	180	56 437				100 187
Operating profit	557 171	668 152	284 247	21 325	188 867	9 916			1 729 678
Investment income	18 413	68	2 919	312	377				22 089
Interest paid	(285 649)	(95 695)	(3 597)	(14)	(239)	(8)			(385 202)
Profit before taxation	289 935	572 525	283 569	21 623	189 005	9 908			1 366 565
Taxation	85 081	186 756	74 843	6 991	52 112	2 493			408 276
Profit after tax for the year	204 854	385 769	208 726	14 632	136 893	7 415			958 289
The above profit for the year includes the following:									
Depreciation and amortisation	62 771	104 210	62 857	2 904	26 203	1 440			260 385
Statements of financial position									
Total assets	2 500 368	6 301 086	550 458	40 958	268 871		**27 714**	1 417 346	11 106 801
Total liabilities	829 927	413 793	289 200	25 455	90 170		**700 214**	4 750 343	7 099 102
The above amounts of assets and liabilities include the following:									
Interest in associate and joint ventures	138 415	181 420	828	1					320 664

2016 Region	South Africa and Namibia R'000	Other Africa R'000	North America R'000	Europe R'000	Far East R'000	Other R'000	Total R'000
Revenue[1]	4 305 056	480 669	1 218 840	1 139 988	959 091	140 344	8 243 988
Non-current assets[2]	873 666		5 400 982				6 274 648

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 R1.3 billion (2016: R1.2 billion), horse mackerel and hake R23.1 million (2016: R16.8 million) and commercial cold storage and logistics R68.3 million (2016: R108.0 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.*

4 *Disposed operations includes segmental information pertaining to the French fries operation (Lamberts Bay Foods Limited) and the CCS fruit operation disposed of in the prior year.*

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (Continued)

for the year ended 30 September 2017

	GROUP		COMPANY	
	2017 R'000	2016 R'000	**2017 R'000**	2016 R'000
4. OTHER OPERATING INCOME/(EXPENSE) ITEMS				
Transaction costs arising from business combination		(2 040)		(2 040)
Profit on the disposal of immovable property	**11 601**			
Loss on disposal of fishing vessel		(3 536)		
(Loss)/profit on disposal of non-current assets held for sale[1]	**(2 900)**	74 836		
Profit/(loss) on disposal of business interests		31 521	**(22)**	69 449
Impairment of equipment		(594)		
	8 701	100 187	**(22)**	67 409
Transaction costs relates to the acquisition of Daybrook Fisheries Incorporated which was acquired in the 2015 financial year.				
Note: *The R2.9 million relates to a claim settled in the current year in relation to the prior year sale of the CCS fruit business.*				
5. INVESTMENT INCOME				
Subsidiaries			**20 631**	13 503
Bank and short-term deposits	**9 447**	10 759	**7 694**	9 075
Loans to joint ventures and supply partners	**15 839**	10 603		
Other loans	**1 806**	279		
Other	**2 156**	448	**20**	
	29 248	22 089	**28 345**	22 578
6. INTEREST PAID				
Subsidiaries			**21 325**	15 033
Bank	**16 850**	55 751	**6 484**	2 731
Interest on amortised loans	**353 482**	328 557		
Other	**2 073**	894	**6**	178
	372 405	385 202	**27 815**	17 942
7. TAXATION				
7.1 South African current taxation				
Current year	**42 171**	163 458		11 844
Adjustments in respect of previous years	**(3 561)**	(1 418)	**(5 209)**	(946)
Capital gains tax		8 609		274
	38 610	170 649	**(5 209)**	11 172
7.2 Foreign current taxation				
Current year	**150 581**	205 041		
Adjustments in respect of previous years	**(27 606)**	(47 659)		
Withholding tax	**13 452**	9 005	**12 081**	(174)
	175 037	337 036	**6 872**	10 998
7.3 South African deferred taxation				
Current year	**26 667**	(10 229)	**5 443**	(2 833)
Adjustments in respect of previous years	**(9 855)**	(4 195)	**(5 146)**	48
	191 849	322 612	**7 169**	8 213
7.4 Foreign deferred taxation				
Current year	**915**	47 378		
Adjustments in respect of previous years	**(5 142)**	39 351		
Adjustments in respect of change in tax rate		(1 065)		
Taxation charge	**187 622**	408 276	**7 169**	8 213

	GROUP		COMPANY	
	2017 R'000	2016 R'000	**2017 R'000**	2016 R'000
7. TAXATION *continued*				
7.5 The reconciliation of the effective rate of taxation charge with the South African company income tax rate is as follows:				
Effective rate of taxation	**28.1**	29.9	**1.8**	1.1
Adjustment to rate due to:				
Dividend income			**26.8**	24.9
Net effect of tax losses	**0.3**	(0.1)	**(0.1)**	
Adjustment in respect of previous years	**6.9**	1.0	**2.6**	0.1
Adjustment in respect of change in tax rate		0.1		
Foreign taxation rate differentials and withholding taxes	**(7.6)**	(4.7)	**(3.0)**	
Associate and joint venture income	**(0.3)**	0.3		
Exempt income arising from capital profits and foreign exchange gains		2.2		2.7
Capital gains tax		(0.6)		
Tax allowances	**1.7**	1.0		
Expenses not allowable for taxation	**(1.1)**	(1.1)	**(0.1)**	(0.8)
South African company income tax rate	**28.0**	28.0	**28.0**	28.0

	GROUP		COMPANY	
	2017 R'000	2016 R'000	**2017 R'000**	2016 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	**225 660**	70 089	**51 895**	
Foreign	**21 699**	17 117		
Total	**247 359**	87 206	**51 895**	
Tax savings effect:				
Before deferred taxation	**70 129**	25 274	**14 531**	
After deferred taxation	**1**	172		

	NUMBER OF SHARES	
	2 017	2 016
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	**(13 715 431)**	(13 789 077)
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 per share	**116 699 873**	116 626 227
Shares deemed to be issued for no consideration in respect of unexercised share options	**11 069 093**	11 449 705
Weighted average number of ordinary shares used in the calculation of diluted earnings per share	**127 768 966**	128 075 932

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (Continued)

for the year ended 30 September 2017

	GROUP			
	Gross of tax 2017 R'000	Net of tax and non-controlling interest 2017 R'000	Gross of tax 2016 R'000	Net of tax and non-controlling interest 2016 R'000
8. EARNINGS PER SHARE *continued*				
8.2 Determination of headline earnings				
Profit after taxation attributable to shareholders of Oceana Group Limited		**468 310**		916 446
Adjusted for:				
Profit on the disposal of immovable property	**(11 601)**	**(10 335)**		
Insurance proceeds	**(998)**	**(650)**	(1 330)	(718)
Profit on disposal of non-current assets held for sale			(74 836)	(52 640)
Headline earnings adjustments – joint venture	**(1 144)**	**(778)**	(16 030)	(16 035)
Profit on change of interest in investment	**(122)**	**(95)**		
Profit on disposal of business interests			(31 521)	(31 243)
Impairment of equipment			594	446
Net loss on disposal of property, plant and equipment and intangible assets	**1 200**	**857**	7 030	4 052
Headline earnings for the year		**457 309**		820 308
Headline earnings per share (cents)				
– Basic		**391.9**		703.4
– Diluted		**357.9**		640.5

	GROUP		COMPANY	
	2017 R'000	2016 R'000	2017 R'000	2016 R'000
9. DIVIDENDS				
Final of 357 cents per share declared on 17 November 2016, paid 16 January 2017 (2016: 259 cents)	**416 572**	302 027	**483 828**	351 012
Interim of 90 cents per share declared on 18 May 2017, paid 3 July 2017 (2016: 112 cents)	**105 058**	130 642	**121 974**	151 789
Dividends paid during the year	**521 630**	432 669	**605 802**	502 801
Dividend declared and not accrued after reporting date		416 519		
Dividends per share (cents)	**90**	469		
– Interim paid	**90**	112		
– Final declared after reporting date		357		

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
2016					
Cost	784 051	93 356	1 469 828	619 185	2 966 420
Accumulated depreciation and impairment losses	(169 375)	(64 835)	(736 689)	(317 115)	(1 288 014)
Net book value at 1 October 2015	614 676	28 521	733 139	302 070	1 678 406
Current year movement					
Additions	14 715	7 234	116 458	71 900	210 307
Business disposal – cost	(1 309)	(2 146)	(56 753)	(1 010)	(61 218)
Business disposal – accumulated depreciation	370	1 162	45 661	988	48 181
Disposals – cost	(2 976)	(2 993)	(35 812)	(28 143)	(69 924)
Disposals – accumulated depreciation	3 352	2 955	33 619	21 692	61 618
Depreciation	(33 845)	(2 238)	(103 156)	(64 095)	(203 334)
Impairment charge			(594)		(594)
Foreign exchange differences	3 096	(162)	2 997		5 931
Balance at 30 September 2016	598 079	32 333	735 559	303 402	1 669 373
Made up as follows:					
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 30 September 2016	598 079	32 333	735 559	303 402	1 669 373
2017					
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**

The cost of fully depreciated assets amounts to R647.8 million (2016: R484.6 million).

The insured value of the group's property, plant and equipment at 30 September 2017 amounts to R6.0 billion (2016: R6.4 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 ANNUAL FINANCIAL STATEMENTS (Continued)

for the year ended 30 September 2017

	COMPANY R'000
10. PROPERTY, PLANT AND EQUIPMENT *continued*	
2016	
Property, plant and equipment	
Cost	24 395
Accumulated depreciation and impairment losses	(12 892)
Net book value at 1 October 2015	11 503
Current year movement	
Additions	12 710
Depreciation	(4 452)
Disposals – cost	(508)
Disposals – accumulated depreciation	498
Balance at 30 September 2016	19 751
Made up as follows:	
Cost	36 597
Accumulated depreciation and impairment losses	(16 846)
Net book value at 30 September 2016	19 751
2017	
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**

	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								
2016								
Balance at the beginning of the year								
Cost	3 299 440	208 245	852 448	193 659	48 990	96 583	54 591	4 753 956
Accumulated amortisation				(60 620)	(3 826)	(3 528)	(45 345)	(113 319)
Accumulated impairment	(17 630)	(13 205)						(30 835)
Net book value								
1 October 2015	3 281 810	195 040	852 448	133 039	45 164	93 055	9 246	4 609 802

11. INTANGIBLE ASSETS *continued*

	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
Current year movements								
Additions							31 281	31 281
Disposal – cost				(26 152)			(1 840)	(27 992)
Disposal – accumulated amortisation				26 152			1 732	27 884
Amortisation for the year				(27 015)	(6 184)	(17 796)	(6 056)	(57 051)
Exchange difference	14 896	865	3 959		462	1 158	11	21 351
Balance at 30 September 2016	3 296 706	195 905	856 407	106 024	39 442	76 417	34 374	4 605 275
Made up as follows:								
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 at 30 September 2016	3 296 706	195 905	856 407	106 024	39 442	76 417	34 374	4 605 275
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**

Amortisation of intangible assets are disclosed in the cost of sales R25.0 million (2016: R27.0 million) and overheads expenditure R32.6 million (2016: R30.1 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	3.3 years
Pelagic fishing rights	3.3 years
Lobster fishing rights	3.3 years
Customer relations	3.8 years
Non-competes	2.8 – 7.8 years
Computer software	2.0 – 3.0 years

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (Continued)

for the year ended 30 September 2017

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		Trademarks		Intellectual property	
	2017 R'000	2016 R'000	2017 R'000	2016 R'000	2017 R'000	2016 R'000
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)	**3 111 314**	3 222 595	**180 574**	187 032	**826 834**	856 407
	3 185 425	3 296 706	**189 447**	195 905	**826 834**	856 407

	GROUP					
	Fishing rights		Customer relations		Non-competes	
	2017 R'000	2016 R'000	2017 R'000	2016 R'000	2017 R'000	2016 R'000
Lusitania business combination						
Horse mackerel and hake	**27 360**	35 780				
Foodcorp business combination						
Canned fish and fishmeal (Africa)	**49 261**	62 879				
Lobster and squid	**673**	875				
Daybrook business combination						
Fishmeal and fish oil (USA)			**30 160**	39 442	**57 079**	76 417
Other fishing rights acquired						
Horse mackerel and hake	**1 406**	1 874				
Canned fish and fishmeal (Africa)	**2 308**	4 616				
	81 008	106 024	**30 160**	39 442	**57 079**	76 417

11. INTANGIBLE ASSETS *continued*

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 on page 34), 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 4.8% (2016: 3.0%) per annum at an operating profit percentage of 4.0% (2016: 7.5%). A post-tax discount rate of 25.0% (2016: 25.0%) and a long-term growth rate of 2.0% (2016: 1.0%) 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 31% (2016: 45%) 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 on page 34).

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.

Stable occupancy levels at 90.0% (2016: 90.0%) based on historical averages have been assumed. Revenue growth rates are based on average forecast revenue growth rates for the forecast period, and are between 7.0% and 7.5% (2016: 7.0% and 9.0%).

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 16.9% (2016: 13.2%). 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% (2016: 3.0%) has been used based on the longer-term core inflation expectations for the South African economy.

The directors estimate that if occupancy levels deviate by more than 15.0% (2016: 25.0%) the CGU carrying amount would exceed 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 34).

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 38.3% and 44.2% (2016: 40.3% and 45.8%) for the horse mackerel and hake CGU and 4.7% (2016:15.0%) (canned fish) and 25.6% (2016: 36.0%) (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 17.1% and 15.8% (2016: 16.5% and 13.4%) 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% (2016: 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 13.0% (2016: 21.0%) for the canned fish and fishmeal (Africa) CGU and 17.0% (2016: 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 11.0% (2016: 15.0%) for hake and 11.0% (2016: 9.0%) for canned fish and fishmeal, the carrying amount would exceed its recoverable amount.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (Continued)

for the year ended 30 September 2017

11. INTANGIBLE ASSETS *continued*

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 34).

Trademarks (R180.6 million) and intellectual property (R826.8 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.

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 39.8% and 43.0% (2016: 45.0% and 47.0%) 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 10.9% (2016: 11.6%). 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 2.3% (2016: 2.3%) has been used based on the 10-year forecast mean US CPI inflation rate per the June 2017 Livingston survey.

The directors estimate that an increase in the discount rate by 1.0% (2016: 2.0%) 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 3.3% (2016: 4.5%) the CGU carrying amount would exceed its recoverable amount.

	COMPANY
	R'000
Computer software	
2016	
Cost	22 470
Accumulated depreciation	(19 545)
Net book value at 1 October 2015	2 925
Current year movements	
Additions	31 259
Amortisation for the year	(2 267)
Balance at 30 September 2016	31 917
Made up as follows:	
Cost	53 729
Accumulated amortisation	(21 812)
Net book value at 30 September 2016	31 917

11. INTANGIBLE ASSETS *continued*

	COMPANY
	R'000
2017	
Net book value at 30 September 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**

12. DERIVATIVE ASSETS

	GROUP	
	2017 R'000	2016 R'000
Non-current		
Interest rate caps held as hedging instruments		
Opening balance	**7 636**	
Additions		18 569
Fair value adjustments recognised in profit or loss (ineffective portion)	**(243)**	(2 732)
Fair value adjustments recognised in other comprehensive income (effective portion)	**(5 556)**	(8 201)
Closing balance	**1 837**	7 636

Interest rate caps were executed in the prior year, 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 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.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (Continued)

for the year ended 30 September 2017

	GROUP		COMPANY	
	2017 R'000	2016 R'000	**2017 R'000**	2016 R'000
13. DEFERRED TAXATION				
Deferred tax assets	**27 616**	27 714	**21 689**	21 986
Deferred tax liabilities	**(691 068)**	(700 214)		
Net deferred tax (liability)/asset	**(663 452)**	(672 500)	**21 689**	21 986
Net (liability)/asset at the beginning of the year	**(672 500)**	(604 821)	**21 986**	17 117
Transferred from subsidiary				2 084
Associate – unrealised profits recognised directly in other comprehensive income	**70**	2 508		
Arising on disposal of business		1 268		
Rate change adjustment		1 065		
Foreign currency translation adjustment	**21 563**	(215)		
(Debited)/Credited to the statement of comprehensive income	**(12 585)**	(72 305)	**(297)**	2 785
Net (liability)/asset at the end of the year	**(663 452)**	(672 500)	**21 689**	21 986
Comprising:				
Hurricane relief funds and insurance (note 1)	**(81 022)**	(90 620)		
Deferred compensation	**12 452**	18 588		
Property, plant and equipment	**(226 217)**	(124 794)	**34**	
Intangible assets	**(399 159)**	(424 036)		
Estimated taxation loss	**70 128**	25 102	**14 531**	
Provisions and other credit balances	**27 968**	88 295	**7 124**	21 986
Fair value adjustments arising from business combination	**(38 123)**	(86 136)		
Put option	**13 668**	14 308		
Section 24P allowances, prepayments and other	**(43 147)**	(93 207)		
	(663 452)	(672 500)	**21 689**	21 986

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 timing 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.

14. INVESTMENTS AND LOANS

	GROUP 2017 R'000	GROUP 2016 R'000	COMPANY 2017 R'000	COMPANY 2016 R'000
Loans to supply partners	**114 999**	104 404	**164**	164
Other investments	**425**	620	**424**	619
Total	**115 424**	105 024	**588**	783

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% (2016: 3.5%) 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 12.25% (2016: interest-free to 12.50%). No impairment provision is required in respect to these loans.

	GROUP 2017 R'000	GROUP 2016 R'000	COMPANY 2017 R'000	COMPANY 2016 R'000
Movement in net loans				
Balance at the beginning of the year	**104 404**	110 968	**164**	164
Advances to supply partners	**36 963**	1 940		
Interest capitalised	**6 072**	4 847		
Loans repaid	**(25 894)**	(8 746)		
Current portion transferred to accounts receivable	**(6 546)**	(4 605)		
Balance at the end of the year	**114 999**	104 404	**164**	164

15. INTEREST IN SUBSIDIARIES, ASSOCIATE AND JOINT VENTURES

	GROUP 2017 R'000	GROUP 2016 R'000	COMPANY 2017 R'000	COMPANY 2016 R'000
Shares at cost, less amounts written off[1]	**219 418**	219 446	**3 310 402**	3 310 425
Amounts owing by			**79 979**	186 433
Share of accumulated losses and reserves since acquisition[1]	**90 322**	101 218		
	309 740	320 664	**3 390 381**	3 496 858
Amounts owing to			**(2 286 311)**	(2 041 059)
Total	**309 740**	320 664	**1 104 070**	1 455 799

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 802 million (2016: R1 713 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.

Note:

1 *The 2016 comparative for the group includes a reclassification between shares at cost, less amounts written off and the share of accumulated losses and reserves since acquisition.*

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (Continued)

for the year ended 30 September 2017

	GROUP	
	2017 R'000	2016 R'000
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%)	**1 004 303**	1 060 929
Profit attribute to ordinary shareholders of Oceana Group Limited	**39 368**	98 103
Share of associate and joint venture companies income	**6 364**	47 561
Etosha Fisheries Holdings Company Proprietary Limited (joint venture)	**5 936**	856
Oceana International Limited (joint venture)	**4**	15 960
Oceana Boa Pesca Limitada (joint venture)	**(12 885)**	(2 901)
Westbank Fishing Limited Liability Company (associate)	**13 309**	33 646
	6 364	47 561
Less: Dividends received	**(8 719)**	(64 381)
	(2 355)	(16 820)

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).

2017 Associate and joint venture name	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
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 expense/(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 gains[1]				**331**		**331**
Dividends received from associate and joint ventures during the year	**1 601**	**831**		**6 287**		**8 719**

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

2017 Associate and joint venture name	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
The above profit/(loss) for the year includes 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 groups' 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

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (Continued)

for the year ended 30 September 2017

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

2016 Associate and joint venture name	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
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	455 424		21 335	584 170	32 126	1 093 055
Operating profit/(loss)	10 727	31 919	(8 287)	70 231	(50)	104 540
Investment income	566				50	616
Interest paid	(10 063)			(153)		(10 216)
Profit/(loss) before taxation	1 230	31 919	(8 287)	70 078		94 940
Taxation credit	(677)		(2 486)	(36 404)		(39 567)
Profit/(loss) after taxation	1 907	31 919	(5 801)	106 482		134 507
Total comprehensive income/(loss)	1 907	3 460	(28 148)	106 482		83 701
Share of associate and joint venture companies income/(loss)	856	15 960	(2 901)	26 621		40 536
Share of associate unrealised gains[1]				7 025		7 025
Dividends received from associate and joint ventures during the year		58 027		6 354		64 381
The above profit/(loss) for the year include the following:						
Depreciation (100%)	6 223		10 668	32 594		49 485
Statements of financial position (100%)						
Current assets	236 436	1 656	53 736	174 392	22 823	489 043
Non-current assets	85 827		87 766	627 382	2 529	803 504
Current liabilities	115 936		3 629	76 094	24 902	220 561
Non-current liabilities	11 781		35 745		448	47 974
Net assets of associate and joint ventures	194 546	1 656	102 128	725 680	2	1 024 012
Carrying amount of groups' interest in associate and joint ventures	87 351	828	51 064	181 420	1	320 664
The above amounts of assets and liabilities includes the following:						
Cash and cash equivalents	2 073	1 656	25 022	117 427	166	146 344
Bank overdraft	84 617					84 617
Non-current financial liabilities (excluding trade and other payables and provisions)	11 781					11 781
Current financial liabilities (excluding trade and other payables and provisions)					1 925	1 925

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

The results of Etosha Fisheries Holdings Company Proprietary Limited, Oceana International Limited, Mfv Romano Paulo Vessel Company Proprietary Limited, Oceana Boa Pesca Limitada and Westbank Fishing Limited Liability Company for the 12 months ended 30 September 2017 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.

Details of subsidiary, associate and joint venture companies are set out in separate schedules on page 74 of these annual financial statements.

Note:
[1] *Unrealised profit adjustment is recognised against inventory.*

	COMPANY	
	2017 R'000	2016 R'000
16. LOAN RECEIVABLE FROM OCEANA GROUP SHARE TRUST		
Interest-bearing at 7.75% per annum (2016: 8.00%)	**502**	689

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	**47 897**	48 110

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.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (Continued)

for the year ended 30 September 2017

	GROUP		COMPANY	
	2017 R'000	2016 R'000	**2017 R'000**	2016 R'000
18. INVENTORIES				
Raw materials	**61 462**	150 625		
Finished goods	**1 063 805**	1 157 001		
Consumable stores and work-in-progress	**75 782**	85 711		
Total	**1 201 049**	1 393 337		
Comprising:				
Cost of materials	**2 718 153**	3 515 970		
Inventory movement	**112 028**	(77 071)		
Production costs	**1 529 832**	1 612 115		
Total	**4 360 013**	5 051 014		

Finished goods include inventory held at net realisable value of Rnil (2016: Rnil).

The amount of inventory recognised as an expense during the year was R4 360 million (2016: R5 051 million).

	GROUP 2017 R'000	GROUP 2016 R'000	COMPANY 2017 R'000	COMPANY 2016 R'000
19. ACCOUNTS RECEIVABLE				
Net trade receivables	**770 051**	1 227 748		
Gross trade receivables	**773 184**	1 232 833		
Less: Allowance for credit notes	**(1 736)**	(4 391)		
Less: Provisions for irrecoverable trade receivables	**(1 397)**	(694)		
Net short-term loans and advances	**41 358**	81 448		
Gross short-term loans and advances	**41 893**	81 676		
Less: Provisions for irrecoverable loans and advances	**(535)**	(228)		
Amount owing by foreign suppliers	**10 645**	510		
Value added taxation	**90 736**	61 618	**7 358**	3 769
Forward exchange revaluation asset	**7 967**	544		
Accrued income and other receivables	**79 355**	91 045	**24 441**	41 184
Prepayments	**71 332**	88 257	**2 177**	1 927
Total	**1 071 444**	1 551 170	**33 976**	46 880

	GROUP 2017 R'000	GROUP 2016 R'000
19. ACCOUNTS RECEIVABLE *continued*		
The analysis of group trade receivables not impaired is as follows:		
Not past due	**706 692**	1 136 504
Ageing of trade receivables which are past due and not impaired		
30 days	**34 608**	72 057
60 days	**15 524**	7 313
90 days	**11 418**	10 291
120 days	**879**	590
150 days and over	**930**	993
	770 051	1 227 748
The analysis of other group receivables not impaired is as follows:		
Not past due	**295 245**	321 159
Ageing of other receivables which are past due and not impaired		
30 days		
60 days	**6 108**	57
90 days		
120 days		
150 days and over	**40**	2 206
	301 393	323 422

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 ANNUAL FINANCIAL STATEMENTS (Continued)

for the year ended 30 September 2017

	GROUP	
	2017 R'000	2016 R'000
19. ACCOUNTS RECEIVABLE *continued*		
Movement in provisions for irrecoverable trade receivables		
Balance at the beginning of the year	**694**	4 429
Irrecoverable amounts written off against the provision		(1 744)
Impairment losses recognised/(reversed)	**703**	(1 991)
Balance at the end of the year	**1 397**	694
Concentration of credit risk in trade receivables		
By geographical region		
South Africa and Namibia	**518 852**	729 238
Other Africa	**38 329**	52 229
Europe	**95 437**	219 295
America	**80 385**	98 575
Far East and other	**37 048**	128 411
Trade receivables	**770 051**	1 227 748
By customer sector		
SA domestic FMCG, wholesale, retail (JSE listed or insured)	**594 857**	908 418
USA Domestic FMCG, wholesale, retail	**80 385**	85 116
Cold storage (secured by lien)	**45 167**	48 847
Exports on letter of credit/cash with documents	**46 517**	172 064
Open account	**3 125**	13 303
Trade receivables	**770 051**	1 227 748
By segment		
Canned fish and fishmeal (Africa)	**533 132**	822 680
Fishmeal and fish oil (USA)	**80 385**	204 353
Horse mackerel and hake	**99 103**	139 969
Lobster and squid	**8 061**	11 899
Commercial cold storage logistics	**49 370**	48 847
Trade receivables	**770 051**	1 227 748
Movement in provisions for irrecoverable loans and advances		
Balance at the beginning of the year	**228**	109
Impairment losses recognised	**307**	105
Irrecoverable accounts reversed against the provision		14
Balance at the end of the year	**535**	228

There was one customer, Massmart Holdings Limited (2016: 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 2017 R'000	GROUP 2016 R'000	COMPANY 2017 R'000	COMPANY 2016 R'000
20. ORDINARY SHARE CAPITAL				
20.1 Authorised stated capital				
300 000 000 shares of no par value				
(2016: 300 000 000 shares of no par value)	**300**	300	**300**	300
20.2 Stated capital				
135 526 154 (2016: 135 526 154)				
Opening balance stated capital	**1 188 680**	1 187 399	**1 307 234**	1 307 234
Less: Treasury shares 18 772 789 (2016: 18 853 805) shares	**1 235**	1 281		
Transfer to share-based payment reserve	**(5 721)**		**(5 721)**	
Balance at the end of the year	**1 184 194**	1 188 680	**1 301 513**	1 307 234

	GROUP 2017 Number of shares	GROUP 2016 Number of shares	COMPANY 2017 Number of shares	COMPANY 2016 Number of shares
20.3 Treasury shares comprise shares held by:				
Oceana Empowerment Trust	**13 661 939**	13 742 955		
Lucky Star Limited	**5 094 350**	5 094 350		
Oceana Group Share Trust	**16 500**	16 500		
	18 772 789	18 853 805		
Opening balance	**18 853 805**	18 937 853		
Treasury shares sold	**(81 016)**	(84 048)		
Closing balance	**18 772 789**	18 853 805		
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

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (Continued)

for the year ended 30 September 2017

	GROUP	
	2017 R'000	2016 R'000
21. HEDGING RESERVE		
21.1 Cash flow hedge reserve		
Balance at the beginning of the year	**(21 656)**	25 353
Movement on the cash flow hedge reserve	**9 508**	(47 009)
Gain/(loss) recognised on cash flow hedges	**19 945**	(62 313)
Transferred to profit or loss	**1 118**	28 839
Transferred to initial carrying amount of hedged item	**(11 625)**	(16 043)
Income tax related to loss recognised in equity	**831**	5 271
Income tax related to amounts transferred to profit or loss	**(761)**	(2 763)
Balance at the end of the year	**(12 148)**	(21 656)

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

	GROUP	
21.2 Fuel hedge reserve	**2017 R'000**	2016 R'000
Balance at the beginning of the year		(1 757)
Movement on the cash flow hedge reserve		1 757
Loss recognised on cash flow hedges		1 757
Balance at the end of the year		

Gains or losses arising on changes in fair value of fuel contracts, which have been designated as fuel hedges, are transferred from equity into profit or loss. These gains or losses are included in cost of sales in the statement of comprehensive income. The cash flows associated with these hedges are expected to occur and affect profit or loss within one year.

	GROUP	
	2017 R'000	2016 R'000
22. LONG-TERM LOAN		
Non-current		
Opening balance	**4 145 142**	4 374 483
Loans raised	**300 000**	300 000
Transaction costs capitalised		(456)
Transaction costs amortised to profit or loss	**37 126**	45 436
Capital repaid	**(257 343)**	(1 502)
Exchange difference	**(61 965)**	11 833
Transferred to current liabilities	**(953 085)**	(584 652)
Closing balance	**3 209 875**	4 145 142
Current		
Opening balance	**584 652**	277 207
Capital repaid	**(573 916)**	(281 905)
Interest (paid)/capitalised	**(6 999)**	4 237
Exchange difference	**(2 796)**	461
Transferred from non-current liabilities	**953 085**	584 652
Closing balance	**954 026**	584 652

22. LONG-TERM LOAN *continued*

The rand-denominated term loans of R1 646.5 million (2016: R2 891.9 million) bear interest at a rate of JIBAR plus margin of 170 to 235 (2016: 170 to 220) and are repayable through a combination of semi-annual consecutive instalments and single instalments with the final principal payment due on 3 April 2021 (2016: 21 July 2020). During the year a R300.0 million term facility was refinanced with a repayment date of 3 April 2021. The loans is 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 563.5 million (2016: R1 837.9 million) bears interest at a rate of Libor plus applicable margin of 2.75% to 3.00% (2016: 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	
	2017 R'000	2016 R'000
Maturity analysis (long-term and current portion)		
Due within one year	**954 026**	584 652
Due within two years	**1 229 192**	1 130 676
Due within three years	**1 627 537**	1 212 161
Due within four years	**300 000**	1 712 411
Due within and later than five years	**53 146**	89 894
	4 163 901	4 729 794

23. DERIVATIVE LIABILITIES

Opening balance	**176 301**	209 963
Loss recognised in other comprehensive income	**246**	6 513
Gain recognised in profit or loss		(42 623)
Transferred to current liabilities	**(164 181)**	
Foreign currency translation adjustment	**(6 083)**	2 448
Closing balance	**6 283**	176 301
Put option		170 053
Interest rate swap	**6 283**	6 248
	6 283	176 301

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 2016, the Westbank Fishing Limited Liability Company exercised the put option in terms of the Westbank operating agreement. The exercise of the put option triggers 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. The put option derivative liability amounting to R164.2 million has been classified as a current liability at 30 September 2017 due to the expected settlement thereof within 12 months from the end of the reporting date.

The put option liability was remeasured to fair value at 30 September 2017 by measuring the put option strike price plus the put premium to the fair value of Westbank Fishing Limited Liability Company. Westbank Fishing Limited Liability Company was valued using a discounted cash flow model and unobservable inputs including forecast annual revenue growth rates of 2.0% (2016: 1.8% to 2.0%), forecast EBITDA margin of 18.0% and 22.2% (2016: 22.6% to 25.6%) and a risk-adjusted discount rate of 7.8% (2016: 8.2%). A change in the discount rate by 1% would increase or decrease the fair value by R74.0 million (2016: R70.0 million). No fair value adjustment (2016: R42.6 million gain) was recognised in operating profit.

The notional principal amount of the interest rate swaps at 30 September 2017 amounts to R938 million (2016: R1 136 million). This comprises hedges on the term debt of R1 564 million (2016: R1 894 million). The swap is to hedge the interest that is payable under the debt facility. 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 loss of R0.2 million (2016: R6.5 million) was recognised in other comprehensive income.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (Continued)

for the year ended 30 September 2017

	GROUP		COMPANY	
	2017 R'000	2016 R'000	**2017 R'000**	2016 R'000
24. ACCOUNTS PAYABLE				
Trade payables	**685 947**	536 853	**34 453**	28 875
Payroll-related accruals	**58 416**	134 852		21 227
Leave pay accrual	**31 122**	32 302	**4 556**	4 623
Lease accrual	**11 423**	10 902	**2 468**	2 765
Short-term loans and advances	**17 359**	20 549		
Value added taxation payable	**3 970**	5 080		
Agency disbursements	**41 001**	99 967		
Rebates and incentives	**34 930**	45 705		
Accrued expenses	**175 144**	245 346	**23 941**	30 423
Other payables	**119 419**	152 706	**3 036**	3 623
Total	**1 178 731**	1 284 262	**68 454**	91 536

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 6.4% to 11.3% (2016: 6.6% to 11.5%), which are repayable within one year.

	GROUP	
	2017 R'000	2016 R'000
25. PROVISIONS		
Customer claims		
Balance at the beginning of the year	**2 422**	4 005
Net charge to operating profit	**782**	2 528
Utilised during the year	**(882)**	(4 111)
Balance at the end of the year	**2 322**	2 422
***Ex gratia* retirement provision**		
Balance at the beginning of the year	**2 911**	4 008
Net reversal to operating profit	**(221)**	
Transferred from accruals	**2 494**	
Arising on the disposal of business		(435)
Utilised during the year	**(1 852)**	(662)
Balance at the end of the year	**3 332**	2 911
Non-qualified deferred compensation benefits		
Balance at the beginning of the year	**48 278**	164 081
Net reversal to operating profit	**(1 581)**	
Utilised during the year	**(12 110)**	(121 519)
Foreign currency translation reserve	**(1 898)**	5 716
Balance at the end of the year	**32 689**	48 278
Crew bonuses		
Balance at the beginning of the year	**4 065**	35 026
Net charge to operating profit	**4 285**	4 540
Utilised during the year	**(3 483)**	(35 501)
Balance at the end of the year	**4 867**	4 065

25. PROVISIONS *continued*

	GROUP	
	2017 R'000	2016 R'000
Total		
Balance at the beginning of the year	**57 676**	207 120
Net charge to operating profit	**3 265**	7 068
Arising on disposal of business		(435)
Transferred from accruals	**2 494**	
Utilised during the year	**(18 327)**	(161 793)
Foreign currency translation reserve	**(1 898)**	5 716
Balance at the end of the year	**43 210**	57 676

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 employees 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.

26. COMMITMENTS

26.1 *Capital commitments*

	GROUP		COMPANY	
	2017 R'000	2016 R'000	**2017 R'000**	2016 R'000
Budgeted capital expenditure is as follows:				
Contracted	**14 445**	25 386		
Not contracted	**146 602**	201 322	**4 257**	7 436
Total	**161 047**	226 708	**4 257**	7 436

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

26.2 *Operating lease commitments*

	GROUP		COMPANY	
	2017 R'000	2016 R'000	**2017 R'000**	2016 R'000
The future minimum lease payments under operating leases are as follows:				
Not later than one year	**90 961**	77 093	**4 270**	3 945
Later than one year but not later than five years	**149 337**	200 282	**8 300**	12 570
Later than five years	**65 360**	71 337		
Total	**305 658**	348 712	**12 570**	16 515

Material operating leases relate to leases of land and buildings with lease terms between 5 and 25 years. Rentals comprise minimum monthly payments. Rental escalations vary between 6.0% and 9.0% (2016: 6.0% and 9.0%). Operating lease charges recognised in the statement of comprehensive income refer to note 2.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (Continued)

for the year ended 30 September 2017

27. CASH FLOW INFORMATION

		GROUP		COMPANY	
		2017 R'000	2016 R'000	**2017 R'000**	2016 R'000
27.1	***Cash operating profit***				
	Operating profit before associate and joint venture income	**995 064**	1 581 930	**402 330**	649 792
	Adjustment for non-cash and other items	**151 605**	144 647	**(24 248)**	28 877
	Depreciation and amortisation	**235 838**	260 385	**10 343**	6 719
	Share-based payment expense	**2 187**	87 512	**1 706**	40 603
	Cash-settled share-based payment	**(75 631)**	(44 561)	**(36 269)**	(16 415)
	Net loss on disposal of property, plant and equipment	**1 200**	3 494	**94**	10
	Cash settled deferred compensation payments	**(12 110)**	(121 519)		
	Fair value movements	**243**	(39 891)		
	Other comprehensive income recycled to profit or loss		1 267		
	Profit on disposal of investment	**(122)**		**(122)**	
	Net transaction costs (other items)		(2 040)		(2 040)
	Total cash operating profit	**1 146 669**	1 726 577	**378 082**	678 669
27.2	***Working capital changes***				
	Decrease/(increase) in inventories	**180 754**	(106 587)		
	Decrease/(increase) in accounts receivable	**423 551**	(118 179)	**12 904**	(30 361)
	(Decrease)/increase in accounts payable and provisions	**(58 967)**	162 329	**(23 082)**	24 690
	Increase/(decrease) in hedging reserves	**15 241**	(33 046)		
	Total working capital changes	**560 579**	(95 483)	**(10 178)**	(5 671)
27.3	***Taxation paid***				
	Net amount overpaid/(unpaid) at the beginning of the year	**62 937**	(294 566)	**1 754**	(279)
	Charged to profit or loss (note 7)	**(175 037)**	(337 036)	**(6 872)**	(10 998)
	Business disposal		1 292		
	Foreign currency translation reserve	**(3 461)**	(14 411)		
	Net amount (overpaid)/unpaid at the end of the year	**(32 895)**	(62 937)	**3**	(1 754)
	Cash amounts paid	**(148 456)**	(707 658)	**(5 115)**	(13 031)
27.4	***Dividend paid***				
	Oceana Empowerment Trust dividend distribution	**(29 734)**	(24 632)		
	Dividends	**(521 630)**	(432 669)	**(605 802)**	(502 801)
	Dividends paid to non-controlling interests	**(21 879)**	(19 526)		
	Cash amounts paid	**(573 243)**	(476 827)	**(605 802)**	(502 801)
27.5	***Disposal of non-current assets held for sale***				
27.5.1	**Seasonal fruit business (CCS)**				
	The group disposed of the commercial cold storage fruit business in the prior year.				
	Non-current assets held for sale		13 163		
	Consideration (paid)/received	**(2 900)**	69 609		
	Net (loss)/profit on disposal	**(2 900)**	56 446		
27.5.2	**Vessel – Desert Rose**				
	The group disposed of the Mfv Desert Rose fishing vessel in the prior year.				
	Non-current assets held for sale		26 315		
	Consideration received		44 705		
	Net profit on disposal		18 390		
	Net cash (outflow)/inflow from non-current assets held for sale	**(2 900)**	114 314		

27. CASH FLOW INFORMATION *continued*

	GROUP		COMPANY	
	2017 R'000	2016 R'000	**2017 R'000**	2016 R'000
27.6 Disposal of business				
27.6.1 Lamberts Bay Foods Limited				
The group disposed of its 100% shareholding in Lamberts Bay Foods Limited in the prior year.				
Assets and liabilities disposed of:				
Property, plant and equipment		13 017		
Investments				22
Inventories		38 361		
Accounts receivables		36 934		
Provisions		(435)		
Trade and other payables		(43 624)		
Taxation		(1 324)		
Deferred taxation		(1 268)		
Net assets disposed		41 661		22
Consideration received		69 471		69 471
Bank overdraft disposed of		3 531		
Net cash inflow		73 002		69 471
Net profit on disposal		31 341		69 449
27.6.2 Nommer Sewe Bootbelange Eiendoms Beperk				
The group disposed of its 74% interest in Nommer Sewe Bootbelange Eiendoms Beperk a subsidiary of Oceana Lobster Limited in the prior year.				
Assets and liabilities disposed of:				
Property, plant and equipment		22		
Accounts receivables		361		
Taxation		32		
Trade and other payables		(170)		
Non-controlling interest		(56)		
Net assets disposed		189		
Consideration received		369		
Net profit on disposal		180		
Net cash inflow from disposal of businesses		73 371		69 471

27.7 Acquisition of joint venture

The company invested in a newly formed joint venture Oceana Boa Pesca Limitada in the 2015 financial year. The company increased its contribution in the prior year. Oceana Boa Pesca Limitada started operations in January 2016. The company owns 50% of Oceana Boa Pesca Limitada.

	GROUP 2017 R'000	GROUP 2016 R'000	COMPANY 2017 R'000	COMPANY 2016 R'000
Cash consideration paid		10 078		10 078
27.8 Net cash and cash equivalents				
Cash and cash equivalents	**1 222 040**	1 312 942	**400 916**	357 904

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (Continued)

for the year ended 30 September 2017

	Number of employees		Number of employees	
28. NUMBER OF EMPLOYEES				
Permanent employees at year-end	**2 062**	2 053	**113**	122

	GROUP		COMPANY	
	2017 R'000	2016 R'000	**2017 R'000**	2016 R'000
29. SHARE-BASED PAYMENT PLANS				
Equity-settled compensation schemes				
Black economic empowerment (BEE) scheme (29.1)	**68 778**	68 257	**10 330**	10 188
Performance shares compensation scheme (29.2)	**8 324**	25 390	**4 336**	13 304
Restricted shares compensation scheme (29.3)	**10 015**	6 613	**6 037**	3 198
Restricted shares elective deferral compensation scheme (29.4)	**5 469**	1 823	**4 436**	1 703
Share-based payment reserve	**92 586**	102 083	**25 139**	28 393
Cash-settled compensation schemes				
Phantom compensation scheme (29.5)	**10 654**	85 844	**5 183**	42 244
Share appreciation rights compensation scheme (29.6)	**6 365**	14 282	**3 054**	6 629
Liability for share-based payments	**17 019**	100 126	**8 237**	48 873

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 81 016 options (2016: 84 048) 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.

29. SHARE-BASED PAYMENT PLANS *continued*

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.

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

	GROUP			
	2017		2016	
	Number of share options	VWAP rand	Number of share options	VWAP rand
Outstanding at the beginning of the year	**242 275**	**100.89**	175 451	95.53
Granted during the year	**86 100**	**116.81**	84 700	111.10
Forfeited during the year	**7 102**	**108.98**	17 876	96.71
Adjusted during the year	**107 379**	**82.80**		
Exercised during the year	**189 574**	**82.91**		
Outstanding at the end of the year	**239 078**	**114.05**	242 275	100.89

Notes:

1 *7 102 options (2016: 17 876 options) were forfeited due to employee resignations.*

2 *A TSR multiplier of 233% was applied to the options settled as Oceana was placed between the mid- and upper-quartile of the comparable group.*

3 *Grant 1 options vested on 12 February 2017 as the specified performance criteria over the intervening period was achieved. The weighted average share price on settlement was 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 2017 is 1.3 years (2016: 0.6 years).

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

	2017		2016
	Grant number	Number of share options	Number of share options
R82.80 per share exercisable until 12 February 2017	**1A**		81 436
R86.75 per share exercisable until 1 June 2017	**1B**		2 165
R109.81 per share exercisable until 11 February 2018	**2A**	**69 482**	72 778
R103.74 per share exercisable until 31 May 2018	**2B**	**3 196**	3 196
R111.10 per share exercisable until 17 February 2019	**3A**	**80 300**	82 700
R116.81 per share exercisable until 15 February 2020	**4A**	**86 100**	
		239 078	242 275

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (Continued)

for the year ended 30 September 2017

29. SHARE-BASED PAYMENT PLANS *continued*

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.

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

	GROUP			
	2017		2016	
	Number of share options	VWAP rand	Number of share options	VWAP rand
Outstanding at the beginning of the year	**150 630**	**103.18**	75 458	100.26
Granted during the year	**61 497**	**111.77**	86 300	105.46
Forfeited during the year	**7 181**	**101.12**	11 128	101.13
Exercised during the year	**21 545**	**83.06**		
Outstanding at the end of the year	**183 401**	**108.5**	150 630	103.18

Notes:

[1] Grant 1 options vested on 12 February 2017 and the weighted average share price on settlement was R110.38 per share.

[2] 7 181 options (2016: 11 128 options) were forfeited due to employee resignations.

The weighted average remaining contractual life for the share options outstanding as at 30 September 2017 is 1.3 years (2016: 0.5 years).

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

	2017		2016
	Grant number	Number of share options	Number of share options
R82.80 per share exercisable until 11 February 2017	**1A**		21 338
R86.75 per share exercisable until 1 June 2017	**1B**		2 268
R109.81 per share exercisable until 11 February 2018	**2A**	**40 618**	41 956
R103.74 per share exercisable until 31 May 2018	**2B**	**2 268**	2 268
R104.47 per share exercisable until 11 November 2018	**3A**	**67 500**	69 900
R111.10 per share exercisable until 17 February 2019	**3B**	**12 900**	12 900
R111.77 per share exercisable until 15 November 2020	**4A**	**60 115**	
		183 401	150 630

29. SHARE-BASED PAYMENT PLANS *continued*

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			
	2017		2016	
	Number of share options	**VWAP rand**	Number of share options	VWAP rand
Outstanding at the beginning of the year	**69 864**	**104.47**		
Granted during the year	**53 602**	**111.77**	69 864	104.47
Outstanding at the end of the year	**123 466**	**107.64**	69 864	104.47

Notes:
[1] *No restricted shares elective deferral had vested at 30 September 2017.*

The weighted average remaining contractual life for the share options outstanding as at 30 September 2017 is 1.6 years (2016: 2.1 years).

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

	Grant number	**2017 Number of share options**	2016 Number of share options
R104.47 per share exercisable until 11 November 2018	3A	**69 864**	69 864
R111.77 per share exercisable until 15 November 2019	4A	**53 602**	
Outstanding at the end of the year		**123 466**	69 864

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			
	2017		2016	
	Number of share options	**VWAP rand**	Number of share options	VWAP rand
Outstanding at the beginning of the year	**1 566 506**	**52.97**	2 192 500	49.56
Forfeited during the year	**3 000**	**44.77**	22 001	13.57
Exercised during the year	**1 099 480**	**28.29**	603 993	31.56
Outstanding at the end of the year	**464 026**	**64.51**	1 566 506	52.97
Exercisable at the end of the year	**200 000**		738 815	

Notes:
[1] *The weighted average share price at the date of exercise for the options exercised was R114.62 for 2017 (2016: R113.26) per share.*
[2] *3 000 options (2016: 22 001 options) were forfeited due to employee resignations.*

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (Continued)

for the year ended 30 September 2017

29. SHARE-BASED PAYMENT PLANS *continued*

29.5 Cash-settled (phantom) compensation scheme continued

The weighted average remaining contractual life for the share options outstanding as at 30 September 2017 is 1.3 years (2016: 1.7 years).

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

	Grant number	2017 Number of share options	2016 Number of share options
R34.42 (2016: R34.72) per share exercisable until 30 November 2017	**6**		253 647
R41.44 (2016: R41.44) per share exercisable until 17 February 2018	**7**	**88 338**	573 521
R63.46 (2016: R63.46) per share exercisable until 14 February 2019	**8A**	**238 688**	538 338
R81.21 (2016: R81.21) per share exercisable until 1 July 2019	**8B**	**137 000**	201 000
		464 026	1 566 506

The significant inputs into the model used to value the liability for share-based payments were a 30-day VWAP of R83.29 (2016: R113.13), an expected option life of six years (2016: six years) and expected dividend yield of 3.9% (2016: 3.8%). The interest rate yield used was the Standard Bank Closing Swap Curve. Risk-free rates ranged from 6.8% to 8.1% (2016: 7.0% to 8.6%). Expected volatility of 31.5% (2016: 30.9%) 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			
	2017		2016	
	Number of share options	VWAP rand	Number of share options	VWAP rand
Outstanding at the beginning of the year	**926 300**	**96.71**	680 200	89.58
Granted during the year	**316 000**	**116.81**	313 600	111.10
Forfeited during the year	**230 212**	**96.01**	67 500	96.80
Exercised during the year	**70 996**	**84.28**		
Outstanding at the end of the year	**941 092**	**106.33**	926 300	96.71
Exercisable at the end of the year	**40 627**			

Notes:

[1] *100% of tranche 1 of grant 1 options 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] *Tranche 2 of grant 1 and tranche 1 of grant 2 were forfeited due to the 2017 HEPS performance criteria not being achieved. 34 500 options (2016: 67 500 options) were forfeited due to employee resignations.*

The weighted average remaining contractual life for the share options outstanding as at 30 September 2017 is 5.2 years (2016: 5.4 years).

29. SHARE-BASED PAYMENT PLANS *continued*

29.6 Cash-settled (share appreciation rights) compensation scheme *continued*

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

	Grant number	2017 Number of share options	2016 Number of share options
R77.61 per share exercisable until 12 February 2021	**1A**	**143 481**	320 500
R81.33 per share exercisable until 1 June 2021	**1B**		8 600
R103.31 per share exercisable until 11 February 2022	**2A**	**178 411**	280 600
R97.31 per share exercisable until 31 May 2022	**2B**	**7 400**	11 100
R111.10 per share exercisable until 17 February 2023	**3A**	**295 800**	305 500
R116.81 per share exercisable until 15 February 2024	**4A**	**316 000**	
		941 092	926 300

The significant inputs into the model used to value the liability for share-based payments were a 30-day VWAP of R83.29 (2016: R113.13), an expected option life of seven years (2016: seven years) and expected dividend yield of 3.9% (2016: 3.8%). The interest rate yield used was the Standard Bank Closing Swap Curve. Risk-free rates ranged from 6.8% to 8.1% (2016: 7.0% to 8.6%). Expected volatility of 31.5% (2016: 30.9%) was based on historical share price volatility.

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 2017.

	2017 R'000	2016 R'000
Present value of post-employment medical obligations	**5 319**	5 969
Less: fair value of plan assets	**(3 973)**	(4 120)
Liability at the reporting date	**1 346**	1 849
The principal actuarial assumptions used for accounting purposes relating to post-employment medical obligations:		
Medical inflation	**7.50%**	8.25%
Discount rate	**8.70%**	8.74%

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 8.0% and 7.1% (2016: 8.1% 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 6.6% and 7.6% (2016: 6.7% and 7.8%) respectively.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (Continued)

for the year ended 30 September 2017

31. NON-CONTROLLING INTERESTS

	GROUP	
	2017 R'000	2016 R'000
Material subsidiaries with non-controlling interests (refer to table below)	**69 590**	79 797
Individually immaterial subsidiaries with non-controlling interests	**22 347**	22 837
Total	**91 937**	102 634

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

	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**
Segment	Horse mackerel and hake	Horse mackerel and hake	Horse mackerel and hake	Horse mackerel and hake	Canned fish and fishmeal (Africa)	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%**	**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/(loss) 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**		

31. NON-CONTROLLING INTERESTS *continued*

	GROUP					
2016 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	10 342	9 202	13 872	86 039	291 389	42 056
Profit for the year	20 271*	6 905	11 509	23 859	19 191	10 671
Profit attributable to non-controlling interest	8 508	3 522	5 870	9 417	4 798	3 201
Current assets	2 725	552	832	35 981	210 870	67 670
Non-current assets	25 199	17 721	19 831	22 936	188 534	21 243
Current liabilities	2 936	409	1 026	12 849	330 780	10 160
Non-current liabilities	2 586		1	8 824	15 949	749
Net assets	22 402	17 864	19 636	37 244	52 675	78 004
Net assets attributable to non-controlling interest	9 402	9 111	10 014	14 700	13 169	23 401
Net cash and cash equivalents	6	7	7		173	45 078
Dividends paid		3 672	6 426	7 105		

Note:

* *Includes profit on sale of Mfv Desert Rose.*

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (Continued)

for the year ended 30 September 2017

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 Blue Continent Products Proprietary Limited. The company has guaranteed the long term loan of R1 646.5 million (2016: R2 891.9 million) as disclosed in note 22. Furthermore, six (2016: six) of the subsidiaries in the group have guaranteed the loan.

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	Kwanza '000
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**
2016					
Trade receivables	14 965	2 256	614	795	
Other accounts receivable	613				
Cash and cash equivalents	12 848	318			
Accounts payable	(11 784)	(9)	(35)		
Total	16 642	2 565	579	795	
Year-end exchange rate	14.06	15.72	18.21	10.71	

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 2018 financial year.

33. FINANCIAL RISK MANAGEMENT *continued*

	GROUP US Dollar '000
2017	
Foreign currency bought	**13 436**
Foreign currency sold	**2 500**
Average exchange rate	**13.24**
2016	
Foreign currency bought	52 786
Average exchange rate	14.35

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	
	2017 R'000	2016 R'000
(Decrease)/increase in profit after taxation		
US Dollar	**(2 428)**	16 850
Euro	**2 002**	2 903
Sterling	**473**	759
Australian Dollar	**483**	1 182

The company does not have any foreign currency commitments or any foreign currency denominated liabilities and has a foreign currency denominated asset R17.3 million (2016: R60.1 million). For a 10% stronger or weaker rand profit after taxation would increase or decrease by R0.9 million (2016: R2.5 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 groups' 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 50% 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 ANNUAL FINANCIAL STATEMENTS (Continued)

for the year ended 30 September 2017

33. FINANCIAL RISK MANAGEMENT *continued*

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

	Due on Demand R'000	Within 12 months R'000	1 – 4 years R'000	> 5 years R'000
2017				
Long-term debt				
Principal amount		**947 717**	**3 173 356**	**80 499**
Interest		**281 848**	**338 052**	**24 349**
Derivative liabilities		**203 700**		
Accounts payable		**1 178 731**		
2016				
Long-term debt				
Principal amount		577 668	4 138 023	88 430
Interest		319 344	484 167	40 917
Derivative liabilities			210 932	
Accounts payable		1 284 262		

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 R320.1 million (2016: 337.5 million). A 100 basis point change in the interest rate would result in an increase or decrease of R29.3 million (2016: R30.5 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 R26.3 million (2016: R24.3 million). A 100 basis point change in the interest rate would result in an increase or decrease of R4.0 million (2016: R3.6 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 2017, 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 note 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 in 23 is 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*

	GROUP		COMPANY	
	2017 R'000	2016 R'000	**2017 R'000**	2016 R'000
Classification of financial instruments				
Financial assets				
Derivative instruments at fair value	**1 837**	7 636		
Cash and cash equivalents	**1 222 040**	1 312 942	**400 916**	357 904
Loans and receivables	**1 024 375**	1 505 700	**104 584**	227 781
Loans	**114 999**	104 404	**164**	164
Accounts receivable[1]	**909 376**	1 401 296	**104 420**	227 617
Financial liabilities				
Derivative instruments at fair value	**170 464**	176 301		
At amortised cost	**5 307 540**	5 976 674	**2 350 209**	2 127 972
Loans	**4 163 901**	4 729 794		
Accounts payable[1]	**1 143 639**	1 246 880	**2 350 209**	2 127 972

Note:

[1] *The 2016 comparative for the company includes a reclassification between accounts payable and accounts receivable.*

34. RELATED-PARTY DISCLOSURES

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

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

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

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (Continued)

for the year ended 30 September 2017

	GROUP		COMPANY	
	2017 R'000	2016 R'000	**2017 R'000**	2016 R'000
34. RELATED-PARTY DISCLOSURES *continued*				
Transactions with joint operations				
Administration fees received	**2 678**	2 515		
Net interest received	**972**	615		
Transactions and balances with subsidiaries, associate and joint ventures				
Administration fees received	**414**	560	**155 560**	226 222
Dividends received			**385 632**	640 890
Net interest paid			**(694)**	(1 530)
Goods and services bought from associate and joint ventures	**701 206**	918 550		
Amount receivable from associate and joint ventures	**32 076**	61 923	**17 341**	60 605
Amount payable to associate and joint ventures	**146 976**	152 580		
Transactions and balances with shareholders				
Goods and services sold to Tiger Brands Limited subsidiaries	**2 800**	7 058		
Loans receivable from shareholders of subsidiary companies	**112 025**	100 637		
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	**27 755**	43 668	**15 317**	27 116
Post-employment benefits	**2 768**	3 594	**1 237**	2 029
Share-based payments – cash-settled compensation scheme	**(5 432)**	23 009	**(1 677)**	13 715
Share-based payments – equity-settled compensation scheme	**10 424**	15 538	**6 925**	9 244
Share-based payments – Oceana Empowerment Trust	**317**	500	**59**	415
Non-executive directors' emoluments	**4 101**	3 701	**4 101**	3 701
Total compensation of key management	**39 933**	90 010	**25 962**	56 220

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 74 of these annual financial statements.

35. DIRECTORS' REMUNERATION

Executive directors' remuneration

	COMPANY					
2017 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	**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**
2016						
ABA Conrad[2]	1 076	85	250	2 599	5 723	9 733
FP Kuttel	4 580	166	642	4 218	2 553	12 159
I Soomra	3 112	117	503	3 180	50	6 962
Total	8 768	368	1 395	9 997	8 326	28 854

Note:
1 *Performance bonuses are accounted for on an accrued basis, to match the amount payable to the applicable financial year.*
2 *Resigned in the prior year, with effect from 30 April 2016.*
3 *Includes dividends received from Oceana Empowerment Trust.*

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (Continued)

for the year ended 30 September 2017

35. DIRECTORS' REMUNERATION *continued*

Executive directors' share scheme details

FP Kuttel

2017			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			
Scheme	Award date	Initial vesting date	Number	Price	Number	Price	Number	Price	Number	Price	Gain (R'000)	Vested	Unvested	Fair value[1] (R'000)	Expiry date
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 [3]	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			15 100 [3]	R103.31					30 200		11 Feb 22
Grant 3	17 Feb 16	17 Feb 19	48 200	R111.10									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										163 914 [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		198 814	2 907	
Restricted shares elective deferral															
Grant 3	11 Nov 15	11 Nov 18	50 866										50 866	4 237	11 Nov 18
			50 866										50 866	4 237	
Total			526 184		75 815		33 900		265 077		19 444		477 555	11 125	

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' REMUNERATION *continued*

Executive directors' share scheme details

I Soomra

2017			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			
Scheme	Award date	Initial vesting date	Number	Price	Number	Price	Number	Price	Number	Price	Gain (R'000)	Vested	Unvested	Fair value[1] (R'000)	Expiry date
Phantom share options															
Grant 8	1 Jul 13	1 Jul 16	180 000	R81.21					60 000	R117.10	2 154	60 000	60 000	250	1 Jul 19
			180 000						60 000		2 154	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	193				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		193		23 536	1 961	
Performance shares															
Grant 1	12 Feb 14	12 Feb 17	6 391						14 892[2]	R110.38	1 644				12 Feb 17
Grant 2	11 Feb 15	11 Feb 18	5 051										5 051		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		1 644		17 451	1 033	
Total			279 793		34 537		13 399		76 644		3 991	67 433	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.*

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (Continued)

for the year ended 30 September 2017

35. DIRECTORS' REMUNERATION *continued*

Executive directors' share scheme details

ABA Conrad

2016			Options as at 30 Sept 2015		Options awarded during the year		Options forfeited during the year		Option exercised during the year			Options as at 30 Sept 2016			
Scheme	Award date	Initial vesting date	Number	Price	Number	Price	Number	Price	Number	Price	Gain (R'000)	Vested	Unvested	Fair value[1] (R'000)	Expiry date
Phantom share options															
Grant 6	10 Feb 11	10 Feb 14	11 000	R34.42					11 000 [1]	R118.62	926				30 Nov 17
Grant 7	17 Feb 12	17 Feb 15	30 000	R41.44					30 000 [1]	R118.62	2 315				17 Feb 18
Grant 8	14 Feb 13	14 Feb 16	39 000	R63.46					39 000 [1]	R118.62	2 151				14 Feb 19
			80 000						80 000		5 393				
Share appreciation rights															
Grant 1	12 Feb 14	12 Feb 17	16 600	R77.61			16 600 [2]	R77.61							12 Feb 21
Grant 2	11 Feb 15	11 Feb 18	13 300	R103.31			13 300 [2]	R103.31							11 Feb 22
			29 900				29 900								
Restricted shares															
Grant 1	12 Feb 14	12 Feb 17	928				928 [2]								12 Feb 17
Grant 2	11 Feb 15	11 Feb 18	2 474				2 474 [2]								11 Feb 18
Grant 3	11 Nov 15	11 Nov 18			2 500		2 500 [2]								11 Nov 18
			3 402		2 500		5 902								
Performance shares															
Grant 1	12 Feb 14	12 Feb 17	4 742				4 742 [2]								12 Feb 17
Grant 2	11 Feb 15	11 Feb 18	3 814				3 814 [2]								11 Feb 18
			8 556				8 556								
Total			121 858		2 500		44 358		80 000		5 393				

Notes:

[1] *Early vesting on 29 April 2016 approved by Remuneration Committee.*

[2] *Forfeited due to resignation.*

35. DIRECTORS' REMUNERATION *continued*

Executive directors' share scheme details

FP Kuttel

2016			Options as at 30 Sept 2015		Options awarded during the year		Options forfeited during the year		Option exercised during the year			Options as at 30 Sept 2016			
Scheme	Award date	Initial vesting date	Number	Price	Number	Price	Number	Price	Number	Price	Gain (R'000)	Vested	Unvested	Fair value[1] (R'000)	Expiry date
Phantom share options															
Grant 5	11 Feb 10	11 Feb 13													
Grant 6	10 Feb 11	10 Feb 14	39 666	R34.42								39 666		3 122	30 Nov 17
Grant 7	17 Feb 12	17 Feb 15	107 000	R41.44					35 666	R113.03	2 553	71 334		5 114	17 Feb 18
Grant 8	14 Feb 13	14 Feb 16	129 000	R63.46								86 000	43 000	6 407	14 Feb 19
			275 666						35 666		2 553	197 000	43 000	14 643	
Share appreciation rights															
Grant 1	12 Feb 14	12 Feb 17	56 400	R77.61									56 400	2 003	12 Feb 21
Grant 2	11 Feb 15	11 Feb 18	45 300	R103.31									45 300	445	11 Feb 22
Grant 3	17 Feb 16	17 Feb 19			48 200	R111.10							48 200	98	17 Feb 23
			101 700		48 200								149 900	2 546	
Restricted shares															
Grant 1	12 Feb 14	11 Feb 17	1 959										1 959	222	12 Feb 17
Grant 2	11 Feb 15	10 Feb 18	5 360										5 360	606	11 Feb 18
Grant 3	11 Nov 15	10 Nov 18			24 500								24 500	2 772	11 Nov 18
			7 319		24 500								31 819	3 600	
Performance shares															
Grant 1	12 Feb 14	12 Feb 17	20 308										20 308	2 297	12 Feb 17
Grant 2	11 Feb 15	11 Feb 18	16 391										16 391	1 854	11 Feb 18
Grant 3	17 Feb 16	17 Feb 19			16 900								16 900	1 912	17 Feb 19
			36 699		16 900								53 599	6 064	
Restricted shares elective deferral															
Grant 3	11 Nov 15	11 Nov 18			50 866								50 866	5 754	11 Nov 18
					50 866								50 866	5 754	
Total			421 384		140 466				35 666		2 553	197 000	329 184	32 607	

Note:

[1] *Fair value calculated using the closing VWAP at 29 September 2016 of R113.13.*

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (Continued)

for the year ended 30 September 2017

35. DIRECTORS' REMUNERATION *continued*

Executive directors' share scheme details

I Soomra

2016			Options as at 30 Sept 2015		Options awarded during the year		Options forfeited during the year		Option exercised during the year			Options as at 30 Sept 2016			
Scheme	Award date	Initial vesting date	Number	Price	Number	Price	Number	Price	Number	Price	Gain (R'000)	Vested	Unvested	Fair value[1] (R'000)	Expiry date
Phantom share options															
Grant 8	1 Jul 13	1 Jul 16	180 000	R81.21								60 000	120 000	5 746	1 Jul 19
			180 000									60 000	120 000	5 746	
Share appreciation rights															
Grant 1	12 Feb 14	12 Feb 17	22 300	R77.61									22 300	792	12 Feb 21
Grant 2	11 Feb 15	11 Feb 18	17 900	R103.31									17 900	176	11 Feb 22
Grant 3	17 Feb 16	17 Feb 19			21 700	R111.10							21 700	44	17 Feb 23
			40 200		21 700								61 900	1 012	
Restricted shares															
Grant 1	12 Feb 14	11 Feb 17	1 752										1 752	198	12 Feb 17
Grant 2	11 Feb 15	10 Feb 18	3 299										3 299	373	11 Feb 18
Grant 3	11 Nov 15	10 Nov 18			15 400								15 400	1 742	11 Nov 18
			5 051		15 400								20 451	2 313	
Performance shares															
Grant 1	12 Feb 14	12 Feb 17	6 391										6 391	723	12 Feb 17
Grant 2	11 Feb 15	11 Feb 18	5 051										5 051	571	11 Feb 18
Grant 3	17 Feb 16	17 Feb 19			6 000								6 000	679	17 Feb 19
			11 442		6 000								17 442	1 973	
Total			236 693		43 100							60 000	219 793	11 044	

Note:

[1] *Fair value calculated using the closing VWAP at 29 September 2016 of R113.13.*

35. DIRECTORS' REMUNERATION *continued*

Non-executive directors' remuneration

	COMPANY					
	2017			2016		
	Board fees R'000	**Committee fees R'000**	**Total R'000**	Board fees R'000	Committee fees R'000	Total R'000
ZBM Bassa	**246**	**258**	**504**	208	262	470
MA Brey	**634**	**72**	**706**	592	68	660
PG de Beyer	**246**	**250**	**496**	208	262	470
NP Doyle[1]	**246**	**127**	**373**	208	135	343
PB Matlare[3]	**93**	**27**	**120**	208	68	276
I Mac Dougall[1]	**246**	**116**	**362**	45	15	60
S Pather	**299**	**354**	**653**	280	344	624
GG Fortuin[2]	**246**	**185**	**431**	80	52	132
NV Simamane	**246**	**210**	**456**	208	247	455
TJ Tapela[2]				128	83	211
Total	**2 502**	**1 599**	**4 101**	2 165	1 536	3 701

Notes:

1 *Paid to Tiger Brands Limited.*

2 *Paid to Brimstone Investment Corporation Limited.*

3 *PB Matlare resigned from the Board of Directors effective 16 February 2017. In the prior year, before his resignation from Tiger Brands Limited, amounts of R52.0 thousand for board fees and R17.0 thousand for committee fees were paid to Tiger Brands Limited.*

36. GROUP ENTITIES

The group's principal subsidiaries, associate and joint ventures, including applicable ownership interests, are detailed on page 74 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

In terms of an addendum to the Westbank Fishing Limited Liability Company operating agreement entered into on 31 October 2017, the put closing date was extended to 15 February 2018 on which date the put option strike price (USD31.5 million) as well as any unpaid distributions will be due for payment. In addition it was agreed that the put option premium (USD15.0 million) will be paid no later than 15 January 2018. No other events occurred after the reporting date that may have an impact on the groups' reported financial position at 30 September 2017 or require separate disclosure in these financial statements.

INTEREST IN PRINCIPAL SUBSIDIARIES, ASSOCIATE AND JOINT VENTURES

for the year ended 30 September 2017

			Issued capital	Effective holding			INTEREST OF HOLDING COMPANY – Cost of shares		INTEREST OF HOLDING COMPANY – Indebtedness	
Name of company	Notes	Nature of business	2017 R	2017 %	2016 R'000	2016 %	2017 R'000	2016 R'000	2017 R'000	2016 R'000
Amawandle Hake Proprietary Limited		Hake	**400**	**75**	400	75			**6 468**	15 019
Amawandle Pelagic Proprietary Limited		Canned fish, fishmeal/oil	**400**	**75**	400	75			**(82 096)**	(57 546)
Arechanab Fishing & Dev Co Proprietary Limited		Horse mackerel	**3 000**	**49**	3 000	49				
Blue Continent Products Proprietary Limited		Horse mackerel, hake	**1 000**	**100**	1 000	100	**1 932**	1 932	**(105 410)**	(83 033)
Calamari Fishing Proprietary Limited		Squid	**4 000**	**100**	4 000	100			**(3 527)**	12 562
Cerocic Fishing Proprietary Limited		Horse mackerel	**7 500**	**48**	7 500	48				
Commercial Cold Storage Proprietary Limited		Cold storage	**100**	**100**	100	100			**(33 184)**	6 768
Commercial Cold Storage Limited		Holding company	**1 000 000**	**100**	1 000 000	100	**6 986**	6 986		
Commercial Cold Storage (Ports) Proprietary Limited		Cold storage	**100**	**70**	100	70				
Commercial Cold Storage (Namibia) Proprietary Limited – Namibia		Cold storage	**10 000**	**100**	10 000	100			**(104 624)**	(70 241)
Compass Trawling Proprietary Limited		Hake	**1 000**	**61**	1 000	61				
Desert Diamond Fishing Proprietary Limited		Horse mackerel	**120**	**90**	120	90			**22 403**	58 410
Oceana US Investment Holdings Corporation – United States of America		Holding company	**3 221 400 000**	**100**	3 221 400 000	100	**3 221 400**	3 221 400		
Oceana US Holdings Corporation – United States of America		Holding company	**3 042 682 453**	**100**	3 042 682 453	100				
Daybrook Investors Incorporated – United States of America		Holding company	**44 242 171**	**100**	44 242 171	100				
Daybrook Fisheries Incorporated – United States of America		Holding company	**57 905 400**	**100**	57 905 400	100			**(5 152)**	
Daybrook Holdings Incorporated – United States of America		Fishmeal/oil	**54 748 814**	**100**	54 748 814	100				31 334
Westbank Fishing Limited Liability Company – United States of America	2	Fishmeal/oil	**510 930 000**	**25**	510 930 000	25				
Erongo Marine Enterprises Proprietary Limited – Namibia		Horse mackerel	**100**	**100**	100	100			**(140 051)**	(116 009)
Erongo Seafoods Proprietary Limited – Namibia		Horse mackerel	**40 000**	**49**	40 000	49				
Erongo Sea Products Proprietary Limited – Namibia		Horse mackerel	**100**	**58**	100	58				
Etosha Fisheries Holding Company Proprietary Limited – Namibia	1	Canned fish, fishmeal/oil	**9 085**	**45**	9 085	45	**10 988**	10 988	**15**	
Le Monde Holdings Limited		Cold storage	**116**	**100**	116	100				
MFV Romano Paulo Vessel Company Proprietary Limited	1	Rock lobster	**3 000**	**35**	3 000	35				
Ntuitif Proprietary Limited		Hake	**100**	**65**	100	65			**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**	1 706	**(1 801 877)**	(1 713 461)
Oceana Africa Holdings Limited – Mauritius	4	Holding company	**100**	**100**						
Oceana Empowerment Trust	5	Empowerment Trust	**n/a**	**n/a**	n/a	n/a			**1 787**	
Oceana International Limited – Isle of Man	1,3	Horse mackerel			46 000	50		23		
Oceana Lobster Limited		Rock lobster	**965 500**	**100**	965 500	100	**966**	966	**(10 390)**	1 735
Oceana Boa Pesca Limitada – Angola	1	Fishmeal/oil	**2 444 000**	**50**	2 444 000	50	**66 399**	66 399	**17 326**	60 605
Ulwandle Inshore Proprietary Limited		Hake	**1 000**	**100**	1 000	100				
Stephan Rock Lobster Packers Limited		Rock lobster	**200 000**	**51**	200 000	51	**25**	25	**189**	(769)
							3 310 402	3 310 425	**(2 206 332)**	(1 854 626)

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 (2016: 17) wholly-owned subsidiaries and 16 (2016: 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 International Limited was dissolved on 5 December 2016.*

4 *Oceana Africa Holdings Limited was incorporated on 7 July 2017 as a private company.*

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

INTEREST IN JOINT OPERATIONS

at 30 September 2017

EFFECTIVE HOLDING	2017 %	2016 %
The amounts below are recognised in the group's 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	**37 266**	29 842
Expenses	**(20 993)**	(14 586)
Profit after taxation	**16 273**	15 256
STATEMENT OF FINANCIAL POSITION		
Current assets	**6 863**	7 572
Current liabilities		
– Interest-free	**(4 516)**	(1 832)
STATEMENT OF CASH FLOWS		
Operating profit	**16 273**	15 256
Working capital changes	**(4 494)**	1 804
Net increase in cash and cash equivalents	**11 779**	17 060

SHAREHOLDER ANALYSIS

at 30 September 2017

SHAREHOLDER SPREAD	Number of shareholders	%	Number of shares	%
1 – 1 000 shares	1 099	58.7	377 852	0.3
1 001 – 10 000 shares	542	29.0	1 743 425	1.3
10 001 – 100 000 shares	174	9.3	5 751 013	4.2
100 001 – 1 000 000 shares	45	2.4	13 462 967	9.9
1 000 001 shares and over	12	0.6	114 190 897	84.3
	1 872	100.0	135 526 154	100.0
DISTRIBUTION OF SHAREHOLDERS				
Banks	42	2.2	9 074 083	6.7
Brokers	16	0.9	288 610	0.2
Close corporations	20	1.1	31 726	–
Empowerment	1	0.1	23 007 113	17.0
Individuals	1 336	71.2	2 381 245	1.8
Insurance companies	16	0.9	645 335	0.5
Investment companies	4	0.2	95 259	–
Mutual funds	140	7.5	14 393 075	10.6
Nominees and trusts	153	8.2	471 101	0.3
Other corporate bodies	25	1.3	274 986	0.2
Pension funds	62	3.3	8 645 849	6.4
Private companies	53	2.8	340 209	0.3
Public companies	1	0.1	57 104 774	42.1
Treasury shares held by share trusts	2	0.1	13 678 439	10.1
Treasury shares held by subsidiary	1	0.1	5 094 350	3.8
	1 872	100.0	135 526 154	100
SHAREHOLDER TYPE				
Non-public shareholders	38	2.2	99 184 176	73.2
Directors and employees	33	1.8	299 500	0.2
Treasury shares held by share trusts	2	0.1	13 678 439	10.1
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	1 834	97.8	36 341 978	26.8
	1 872	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			13 661 939	10.1

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[†] (63)

Chief Executive Officer
Francois Paul Kuttel[°?•] (49)

Chief Finance Officer
Imraan Soomra[°?] (42)

Non-executive directors

Lead independent director
Saamsoodein Pather[*†] (67)

Zarina Bibi Mahomed Bassa[*?] (53)

Peter Gerard de Beyer[*†] (62)

Noel Patrick Doyle[?] (52)

Geoffrey George Fortuin[?•] (50)

Lawrence Charles Mac Dougall[†] (60)

Nomahlubi Victoria Simamane[•†] (58)

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