



Oceana Group Limited
(Incorporated in the Republic of South Africa)
(Registration number: 1939/001730/06)
JSE share code: OCE
NSX share code: OCG
ISIN: ZAE000025284
("Oceana" or "the Company" or "the Group")

SUMMARISED PRO FORMA FINANCIAL EFFECTS IN RESPECT OF THE PROPOSED ACQUISITION OF DAYBROOK FISHERIES, INC. AND WITHDRAWAL OF CAUTIONARY ANNOUNCEMENT

1. INTRODUCTION

Shareholders of Oceana ("Oceana Shareholders") are referred to the announcement released on the Stock Exchange News Service ("SENS") of the JSE Limited ("JSE") on Tuesday, 19 May 2015 and published in the press on Wednesday, 20 May 2015 ("the Terms Announcement") which set out the salient terms of the proposed acquisition by Oceana of the entire issued share capital of Daybrook Fisheries, Inc. ("Daybrook Fisheries") ("the Proposed Acquisition") for a purchase consideration of USD 382.3 million (approximately ZAR 4,588 million) ("the Purchase Consideration").*

*Unless otherwise noted, all USD figures have been converted at the USD/ZAR exchange rate of 12.00, being the hedged forward exchange rate at which the Proposed Acquisition is expected to be completed. Capitalised terms used in this section have the same meaning as ascribed in the body of this announcement.

At the time of the Terms Announcement the summarised pro forma financial effects of the Proposed Acquisition ("the Pro Forma Financial Effects") had not been completed. Further to the Terms Announcement, the Pro Forma Financial Effects are set out in paragraph 3 below.

2. FUNDING OF THE PROPOSED ACQUISITION

As set out in the Terms Announcement, Oceana intends to fund the Purchase Consideration plus transaction expenses through a combination of:

- Up to ZAR 2,400 million from (i) Oceana cash on hand, and (ii) to the extent that the Oceana cash on hand available to fund the Purchase Consideration is less than ZAR 2,400 million, on or about the date that the Proposed Acquisition will be implemented, the utilisation of a tranche of Term Funding to fund any shortfall to the extent required;
- Up to USD 142 million (ZAR 1,704 million) from debt raised in the US ("the US Funding") and secured by US Group companies only; and
- ZAR 1,200 million from an equity bridge facility ("the Equity Bridge Facility").

Lucky Star Limited, a wholly-owned subsidiary of the Company, will also raise a ZAR 2,700 million term facility ("Term Funding") principally to refinance an existing short-term facility drawn down to fund the Group's working capital commitments.

The Equity Bridge Facility is expected to be repaid out of the proceeds of a renounceable rights offer that will raise equity capital of ZAR 1,200 million ("Proposed Rights Offer"), which Oceana intends to undertake after the Proposed Acquisition has been completed. The implementation of the Proposed Acquisition is however not conditional on the Proposed Rights Offer. Details of the Proposed Rights Offer will be released on SENS and the Namibian Stock Exchange at the time of announcing the finalisation information in relation to the Proposed Rights Offer.

The ZAR denominated Term Funding and the Equity Bridge Facility has been underwritten by The Standard Bank of South Africa Limited (acting through its Corporate and Investment Banking division) ("Standard Bank") and the USD denominated funding required has been underwritten by Bank of Montreal and/or its affiliates (together "the Debt Funders"). The Debt Funders have provided Oceana with their respective commitments to fund the re-finance of the existing Oceana group company short-term working capital facility and the US debt funded portion of the Proposed Acquisition (subject to market standard conditions).

The Company and Standard Bank ("the Equity Underwriter") have entered into a standby underwriting commitment in terms of which Oceana agrees to conduct, and Standard Bank agrees to underwrite, the Proposed Rights Offer. The standby underwriting commitment contemplates a further underwriting agreement being entered into in respect of the Proposed Rights Offer in due course prior to the issue of the Proposed Rights Offer circular. Details of the Proposed Rights Offer will be released on SENS and the Namibian Stock Exchange at that stage.

The Equity Bridge Facility is conditional on the underwriting arrangements remaining in force with the Equity Underwriter, which in turn is conditional on, among other customary conditions: (a) Oceana shareholder approvals; (b) the transaction agreements remaining in force; (c) no material adverse change event; (d) no force majeure event; and (e) no change of control of Oceana.

Further details regarding the terms of the financing associated with the Proposed Acquisition will be set out in the circular to Oceana Shareholders which will include the full terms of the Proposed Acquisition ("the Circular"), to be posted to Oceana Shareholders on or about Friday, 12 June 2015. A further announcement setting out the salient dates and times of the Proposed Acquisition, posting of the Circular and the general meeting of Oceana Shareholders will be released in due course.

3. PRO FORMA FINANCIAL EFFECTS

Capitalised terms used in this section have the same meaning as ascribed in the Terms Announcement.

The table below sets out the Pro Forma Financial Effects of the Proposed Acquisition.

In terms of a ruling received from the JSE, the Pro Forma Financial Effects are based on the published summarised audited results of Oceana for the 12 months ended 30 September 2014, released on SENS on Thursday, 6 November 2014 ("Oceana Results") and the International Financial Reporting Standards ("IFRS") converted audited results of Daybrook Group for the 12 months ended 31 December 2014 ("Daybrook Results").

The Pro Forma Financial Effects have been prepared to assist Oceana Shareholders in assessing the impact of the Proposed Acquisition and Proposed Rights Offer on the Company's earnings per share ("EPS"), diluted EPS, headline earnings per share ("HEPS"), diluted HEPS, net asset value per share ("NAV") and tangible net asset value per share ("TNAV").

The Pro Forma Financial Effects have been prepared in a manner consistent in all respects with IFRS, the accounting policies adopted by Oceana as at 30 September 2014, and the Revised SAICA Guide on Pro Forma Financial Information and the Listings Requirements of the JSE.

The Proposed Acquisition has been accounted for in terms of IFRS 3: Business Combinations.

The board of directors of Oceana is responsible for the compilation, contents, accuracy and presentation of the Pro Forma Financial Effects, and for the financial information from which it has been prepared.

The Pro Forma Financial Effects have been prepared for illustrative purposes only, and, because of their nature, will not fairly present Oceana's financial position, changes in equity, results of operations or cash flows in subsequent periods.

A simple consolidation of the historical financial information will not appropriately reflect the future prospects of the combined businesses due to, *inter alia*, the following factors:

- efficiencies to be derived from recent upgrades to the Daybrook Group processing plant;
- efficiencies in the optimal funding structure of the combined group;
- movements in the USD/ZAR exchange rate; and
- the ability to realise value from further synergies.

Consequently historical performance will not be an appropriate reflection of future prospects.

	Before the Proposed Acquisition Refer note 1	Pro forma After the Proposed Acquisition Refer note 2	% change*	Pro forma After the Proposed Rights Offer Refer note 2	% change#
EPS (cents)	571.6	622.8	9.0	559.4	(2.1)
Diluted EPS (cents)	517.0	563.4	9.0	510.9	(1.2)
HEPS (cents)	565.0	616.3	9.1	553.5	(2.0)
Diluted HEPS (cents)	511.0	557.4	9.1	505.5	(1.1)
Weighted average number of shares in issue for EPS and HEPS (millions)	100.4	100.4	0.0	111.8	11.4
NAV (cents)	1 668.8	1 614.9	(3.2)	2 496.7	49.6
TNAV (cents)	1 571.7	(1 814.2)	(215.4)	(583.0)	(137.1)
Number of shares in issue for NAV and TNAV (millions)	100.5	100.5	0.0	111.9	11.3

*Percentage change is with reference to the "Before the Proposed Acquisition" column.

Notes:

- The "Before the Proposed Acquisition" financial information has been extracted from Oceana's audited results for the 12 months ended 30 September 2014, released on SENS on Thursday, 6 November 2014.
- The Pro forma "After the Proposed Acquisition" financial information comprises the "Before the Proposed Acquisition" financial information, Daybrook Group's IFRS converted results for the 12 months ended 31 December 2014 and adjustments based on the following principal assumptions:
 - For the purposes of the Pro Forma Financial Effects only, the transaction date is assumed to be 1 October 2013, the start date of Oceana's 2014 financial year, for the statement of comprehensive income and 30 September 2014 for the statement of financial position items. Statement of comprehensive income items have been converted to ZAR at the average exchange rate for the period 1 October 2013 to 30 September 2014 of USD1: ZAR10.55 and statement of financial position items at the closing rate at 30 September 2014 of USD1: ZAR11.28.
- Overhead expenditure
- Transaction costs amounting to ZAR 53 million, excluding debt commitment fees, have been expensed. These costs are to be funded out of acquisition funding.
- The Put Option is accounted for as a derivative in terms of IAS 39 with gains/losses on revaluations, from the date of signature of the agreement until the earlier of exercise date or expiry of option period, being recognised through profit and loss. As a result an adjustment of ZAR 8 million relating to the gain on revaluation of the Put Option in the first financial period has been included as an adjustment to overhead expenditure. In terms of the Westbank Membership Agreement, notification of exercise of the Put Option can only be provided, at the earliest, during the second financial period following the Proposed Acquisition, following which the exercise will only be effective 12 months after the date of such notification. As a result, the impact of the potential exercise has not been included in the Pro Forma Financial Effects. Should the Put Option be effectively exercised as described, there will be a cash outflow being the put strike price of USD 31.5 million plus the put premium of USD 15 million (payable only if the Put Option is exercised within three years) as well as any unpaid distributions, while there will be a cash inflow, based on prevailing market values, from the new shareholder acquiring the 75% shareholding. Other than the gain/loss on revaluation of the put option, there will be no further impact on the statement of comprehensive income following the settlement under the option. In the event that the put option is not exercised, the fair value of the Put Option liability or asset will be derecognised through profit and loss.
- Joint venture and associate income
- An adjustment of ZAR 1 million has been made to equity account the earnings of Westbank as a result of Daybrook Fisheries' 25% interest in Westbank.
- Interest paid
- Settlement of the Purchase Consideration is to be funded partially through US debt funding and existing Oceana cash resources.
- Debt commitment fees and raising costs on the ZAR denominated Term funding, Equity Bridge Facility and US funding, totalling ZAR 78 million are capitalised to the debt raised and amortised over the period of the debt, using the effective interest method. The amortised portion is included in interest paid, being ZAR 28 million.
- Interest of ZAR 126 million on the ZAR denominated Term Funding is calculated at JIBAR linked rates in accordance with the underlying agreements.
- Interest of ZAR 47 million on the USD denominated term loan facility raised to partially settle the Purchase Consideration, and the USD denominated working capital facility is calculated at a LIBOR linked rate in accordance with the underlying funding agreements.
- Interest of ZAR 16 million on the ZAR denominated Equity Bridge Facility raised to partially settle the Purchase Consideration is calculated, until the facility is repaid out of proceeds received from the Proposed Rights Offer, at a JIBAR linked rate in accordance with the underlying funding agreements.
- Elimination of interest expense of ZAR 18 million and related taxation of ZAR 7 million from the repayment of Daybrook Group's existing long and short-term borrowings.
- Taxation
- The applicable legislated tax rates utilised for South Africa is 28% and 40% (federal tax) in the United States.
- Tangible fixed assets are depreciated over their estimated remaining useful lives based on a provisional fair value exercise in terms of IFRS 3: Business Combinations, using fair values disclosed by Daybrook Group in their IFRS converted results for the year ended 31 December 2014. Intangible assets arising from the Proposed Acquisition of ZAR 3 100 million have been assessed by management to comprise goodwill and customer relationships. Additional adjustments may arise from the final purchase price allocation, the nature and quantum of which are currently uncertain.
- The effect of the new shares issued under the Proposed Rights Offer on per share metrics have been included for illustrative purposes only and do not reflect the issue price or terms of the Proposed Rights Offer, which will only be finalised at the time of announcing the finalisation information in relation to the Proposed Rights Offer. The proceeds from the Proposed Rights Offer is expected to be used to repay the Equity Bridge Facility, and the illustrative issuance of the new Oceana shares has been included to provide Oceana Shareholders with a better understanding of the potential effects of the proposed capital structure on the per share accounting metrics. Other than noted above, the Proposed Rights Offer does not have any impact on the statement of comprehensive income. Pro forma "After the Proposed Rights Offer" comprises the Pro forma "After the Proposed Acquisition" adjusted for the following assumption:
 - New shares issued of 11.4 million have been calculated with reference to Oceana's 30 day volume weighted average price of ZAR 105.25 as at 21 May 2015. The new shares are assumed to be issued on 1 October 2013.
- Transaction costs expensed amounting to ZAR 53 million, interest and transaction costs relating to the Equity Bridge Facility of ZAR 29 million and expenses of ZAR 53 million in Daybrook Group are considered to be non-recurring. These costs are included in the Pro Forma Financial Effects.
- There are no other subsequent events which require adjustment to the Pro Forma Financial Effects.

4. WITHDRAWAL OF CAUTIONARY ANNOUNCEMENT

As the Pro Forma Financial Effects have now been released, Oceana Shareholders no longer need to exercise caution when dealing in their Oceana securities.

Cape Town
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Investor relations contacts:

Imraan Soomra, Financial Director
+27 21 410 1458

Financial and debt adviser and transaction sponsor to Oceana

Standard Bank

South African legal counsel to Oceana

WEBBER WENTZEL
in alliance with **Linklaters**

United States legal counsel to Oceana

KEAN MILLER LLP
ATTORNEYS AT LAW
People First

haynesboone **K&L GATES**

Hogan Lovells

United States financial adviser to Oceana

South African bookrunner, underwriter and debt funder

United States bookrunner, underwriter and debt funder

Legal adviser to Standard Bank as South African bookrunner, underwriter and debt funder

Sponsoring broker to Oceana on the Namibian Stock Exchange

Reporting accountants and auditors to Oceana

Antarctica | Advisors

Standard Bank

BMO



ALLEN & OVERY

OLD MUTUAL
Old Mutual Investments (Namibia) (Pty) Ltd
Sponsor, Member of the Namibian Stock Exchange

Deloitte.

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

Certain statements in this announcement may be considered forward-looking. Although Oceana believes that the expectations reflected in any such forward-looking statements relating to the Proposed Acquisition are reasonable, the information has not been reviewed or reported on by the reporting accountants and auditors and no assurance can be given by Oceana that such expectations will prove to be correct. Oceana does not undertake any obligation to publicly update or revise any of the information given in this announcement that may be deemed to be forward-looking.