OCEANA GROUP

POSITIVELY IMPACTING LIVES

2020 UNAUDITED INTERIM RESULTS

FOR THE SIX MONTHS ENDED 31 MARCH

The unaudited interim results of the group for the six months ended 31 March 2020 are set out herein.



Africa's largest black-owned fishing company positively impacting lives

Revenue
2%

Operating profit
9%

Profit before tax
10%

Operating profit African operations
18%

Cash generated from operations
R683 million
(March 2019: R194 million)

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the period ended 31 March 2020

	Notes	**Unaudited six months ended 31 Mar 2020 R'000**	Unaudited six months ended 31 Mar 2019 R'000	Change %	Audited year ended 30 Sep 2019 R'000
Revenue	3	**3 626 514**	3 557 416	2	7 647 415
Cost of sales		**(2 321 320)**	(2 238 209)	4	(5 026 779)
Gross profit		**1 305 194**	1 319 207	(1)	2 620 636
Sales and distribution expenditure		**(193 842)**	(224 886)	(14)	(433 951)
Marketing expenditure		**(20 744)**	(20 820)		(59 045)
Overhead expenditure		**(472 982)**	(487 330)	(3)	(976 556)
Net foreign exchange (loss)/gain		**(2 003)**	4 846	(141)	30 093
Operating profit before associate and joint venture loss		**615 623**	591 017	4	1 181 177
Associate and joint venture loss		**(10 503)**	(36 726)	71	(5 852)
Operating profit before other operating items		**605 120**	554 291	9	1 175 325
Other operating (expense)/income items	5		(770)	100	(17 447)
Operating profit		**605 120**	553 521	9	1 157 878
Investment income		**7 567**	16 246	(53)	33 681
Interest expense		**(146 576)**	(146 371)		(294 547)
Profit before taxation		**466 111**	423 396	10	897 012
Taxation expense	6	**(153 400)**	(121 979)	26	(248 645)
Profit after taxation		**312 711**	301 417	4	648 367
Other comprehensive income					
Items that may be reclassified subsequently to profit or loss:					
Movement on foreign currency translation reserve		**771 337**	106 717		292 221
Movement on foreign currency translation reserve from associate and joint ventures		**41 821**	4 174		16 963
Movement on hedge reserve					(3 880)
Movement on cash flow hedging reserve		**(14 413)**	(11 831)		(23 951)
Income tax related to loss recognised in equity		**4 304**	2 918		5 276
Other comprehensive income, net of taxation		**803 049**	101 978	687	286 629
Total comprehensive income for the period		**1 115 760**	403 395	177	934 996
Profit after taxation attributable to:					
Shareholders of Oceana Group Limited		**292 631**	288 667	1	617 616
Non-controlling interests		**20 080**	12 750	57	30 751
		312 711	301 417	4	648 367
Total comprehensive income for the period attributable to:					
Shareholders of Oceana Group Limited		**1 095 696**	390 645	180	904 245
Non-controlling interests		**20 064**	12 750	57	30 751
		1 115 760	403 395	177	934 996
Earnings per share (cents)					
Basic		**250.4**	247.0	1	528.3
Diluted		**232.0**	227.1	2	486.1

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

at 31 March 2020

	Note	**Unaudited 31 Mar 2020 R'000**	Unaudited 31 Mar 2019 R'000	Audited 30 Sep 2019 R'000
ASSETS				
Non-current assets		**8 230 807**	6 771 542	7 042 312
Property, plant and equipment		**1 952 736**	1 638 926	1 697 221
Right-of-use assets		**163 540**		
Intangible assets		**5 666 856**	4 691 433	4 886 609
Derivative assets	7		3 524	
Deferred taxation		**36 374**	45 072	26 567
Investments and loans		**411 301**	392 587	431 915
Current assets		**3 525 794**	3 274 871	3 757 887
Inventories		**1 683 968**	1 668 137	1 852 707
Accounts receivable		**1 457 144**	1 381 485	1 243 324
Taxation		**60 106**	31 489	73 820
Cash and cash equivalents		**324 576**	193 760	588 036
Total assets		**11 756 601**	10 046 413	10 800 199
EQUITY AND LIABILITIES				
Capital and reserves		**5 909 484**	4 734 634	5 121 727
Stated capital		**1 199 726**	1 192 138	1 193 473
Foreign currency translation reserve		**1 609 372**	597 920	796 213
Cash flow hedging reserve		**(25 781)**	(2 029)	(15 671)
Share-based payment reserve		**87 593**	85 134	93 406
Distributable reserve		**2 889 920**	2 765 398	2 943 871
Interest of own shareholders		**5 760 830**	4 638 561	5 011 292
Non-controlling interests		**148 654**	96 073	110 435
Non-current liabilities		**4 264 518**	3 649 986	3 840 143
Liability for share-based payments		**4 923**	9 609	6 044
Long-term loans		**3 443 137**	3 162 214	3 298 904
Lease liabilities		**203 106**		
Derivative liabilities	7	**29 337**		10 320
Deferred taxation		**584 015**	478 163	524 875
Current liabilities		**1 582 599**	1 661 793	1 838 329
Accounts payable and provisions		**1 368 380**	1 224 765	1 480 502
Current portion - long-term loan		**173 721**	427 037	351 258
Current portion - lease liabilities		**40 498**		
Taxation			9 991	6 569
Total equity and liabilities		**11 756 601**	10 046 413	10 800 199

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the period ended 31 March 2020

	Note	**Unaudited six months ended 31 Mar 2020 R'000**	Unaudited six months ended 31 Mar 2019 R'000	Audited year ended 30 Sep 2019 R'000
Balance at the beginning of the period		**5 121 727**	4 721 969	4 721 969
Attributable to :				
Shareholders of Oceana Group Limited		**5 011 292**	4 625 348	4 625 348
Non-controlling interests		**110 435**	96 621	96 621
Adjustment to balance at the beginning of the period				
IFRS 16 leases transition adjustment:	2	**(53 364)**		
Attributable to :				
Shareholders of Oceana Group Limited		**(49 376)**		
Non-controlling interests		**(3 988)**		
Adjusted balance at the beginning of the period		**5 068 363**	4 721 969	4 721 969
Attributable to :				
Shareholders of Oceana Group Limited		**4 961 916**	4 625 348	4 625 348
Non-controlling interests		**106 447**	96 621	96 621
Total comprehensive income for the period		**1 115 760**	403 395	934 996
Profit after taxation		**312 711**	301 417	648 367
Movement on foreign currency translation reserve		**771 337**	106 717	292 221
Movement on foreign currency translation reserve from associate and joint ventures		**41 821**	4 174	16 963
Movement in hedge reserve from associate				(3 880)
Movement on cash flow hedging reserve		**(14 413)**	(11 831)	(23 951)
Income tax related to loss recognised in equity		**4 304**	2 918	5 276
Decrease in treasury shares held by share trusts				1 335
Increase in treasury shares held by subsidiary		**(2 207)**		
Share-based payment expense		**5 795**	3 473	12 298
Share-based payment exercised		**(5 000)**	(6 218)	(6 771)
Profit on sale of treasury shares				1 677
Issuance of shares to non-controlling interest**		**44 636**		
Oceana Empowerment Trust dividend distribution		**(14 621)**	(19 317)	(27 685)
Dividends paid		**(303 242)**	(368 668)	(516 092)
Balance at the end of the period		**5 909 484**	4 734 634	5 121 727
Comprising:				
Stated capital*		**1 199 726**	1 192 138	1 193 473
Foreign currency translation reserve		**1 609 372**	597 920	796 213
Cash flow hedging reserve		**(25 781)**	(2 029)	(15 671)
Share-based payment reserve*		**87 593**	85 134	93 406
Distributable reserve		**2 889 920**	2 765 398	2 943 871
Shareholders of Oceana Group Limited		**5 760 830**	4 638 561	5 011 292
Non-controlling interests		**148 654**	96 073	110 435
Balance at the end of the period		**5 909 484**	4 734 634	5 121 727

* *R6.6 million (March 2019: R2.7 million) was transferred between stated capital and share-based payment reserve during the period.*

** *In the current period, Amawandle Pelagic Proprietary Limited, a 75% held subsidiary of Oceana Group Limited, issued new shares to shareholders in the proportion to their respective shareholding, of which an amount of R44.6 million was allocated to non-controlling interests.*

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

for the period ended 31 March 2020

	Note	**Unaudited six months ended 31 Mar 2020 R'000**	Unaudited six months ended 31 Mar 2019 R'000	Audited year ended 30 Sep 2019 R'000
Cash flow from operating activities				
Operating profit before associate and joint venture loss		**615 623**	591 017	1 181 177
Adjustment for non-cash and other items		**116 706**	124 069	203 640
Cash operating profit before working capital changes		**732 329**	715 086	1 384 817
Working capital changes		**(49 441)**	(521 164)	(342 291)
Cash generated from operations		**682 888**	193 922	1 042 526
Investment income received		**7 568**	16 246	54 789
Interest paid		**(139 037)**	(137 314)	(285 447)
Taxation paid		**(145 809)**	(148 375)	(262 713)
Dividends paid		**(317 863)**	(387 985)	(543 777)
Cash inflow/(outflow) from operating activities		**87 747**	(463 506)	5 378
Cash outflow from investing activities		**(130 573)**	(128 736)	(217 141)
Replacement capital expenditure		**(157 393)**	(138 831)	(228 146)
Replacement of intangible assets		**(311)**	(6 905)	(26 033)
Proceeds on disposal of property, plant and equipment		**1 550**	1 719	5 554
Proceeds on disposal of business	8		17 500	17 500
Movement on loans and advances		**25 581**	(2 219)	13 984
Cash outflow from financing activities		**(308 012)**	(229 658)	(239 721)
Proceeds from issue of shares				3 012
Short-term borrowings repaid		**(283 315)**	(223 440)	(392 782)
Lease liabilities repaid		**(17 490)**		172 658
Repurchase of treasury shares		**(2 207)**		
Equity-settled share-based payment		**(5 000)**	(6 218)	(6 771)
Costs associated with debt financing				(15 838)
Net decrease in cash and cash equivalents		**(350 838)**	(821 900)	(451 484)
Cash and cash equivalents at the beginning of the period		**588 036**	1 015 060	1 015 060
Effect of exchange rate changes		**87 378**	600	24 460
Cash and cash equivalents at the end of the period		**324 576**	193 760	588 036

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

for the period ended 31 March 2020

1. BASIS OF PREPARATION

The condensed consolidated interim financial statements have been prepared in accordance with and containing the information required by IAS 34: Interim Financial Reporting as well as the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council, the JSE Listings Requirements and Companies Act of South Africa. The condensed consolidated interim financial statements have been prepared using accounting policies that comply with International Financial Reporting Standards ("IFRS") which are consistent with those applied in the financial statements for the year ended 30 September 2019, except for the adoption of new standards that became effective during the current period, as detailed in note 2. The condensed consolidated interim financial statements were prepared under the supervision of the interim chief financial officer, T Giles CA(SA).

The results have not been audited or reviewed by the group's auditors, Deloitte & Touche.

2. ADOPTION OF NEW ACCOUNTING STANDARDS

2.1 EFFECT OF ADOPTING IFRS 9: HEDGE ACCOUNTING

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

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

2.2 EFFECT OF ADOPTING IFRS 16: LEASES

IFRS 16 – Leases ("IFRS 16") sets out the principles for the recognition, measurement, presentation and disclosures of leases for both parties to a contract, i.e. the customer ("lessee") and the supplier ("lessor"). IFRS 16 replaces existing leases guidance, including IAS 17– Leases, IFRIC 4 – Determining whether an Arrangement contains a Lease, SIC-15 – Operating Leases – Incentives and SIC-27 – Evaluating the Substance of Transactions Involving the Legal Form of a Lease.

The group has elected to apply IFRS 16 using the modified retrospective approach whereby the cumulative effect of initial application is recognised in retained earnings at 1 October 2019, with no restatement of comparative information. The group has re-assessed all leases to determine if it meets the definition of a lease in terms of IFRS 16. The lease liabilities were measured at the present value of the remaining lease payments, discounted at a single discount rate, applied to a portfolio of leases within a particular jurisdiction, where funding is sourced centrally. Judgement has been applied to determine the single discount rate where the rate implicit in the lease cannot be determined.

2.2.1 Practical expedients and exemptions applied

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

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

2.2.2 Summary of new accounting policies regarding leases

The group has applied the following accounting policies from the date of initial application, upon adoption of IFRS 16:

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

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS *(CONTINUED)*

for the period ended 31 March 2020

2. ADOPTION OF NEW ACCOUNTING STANDARDS *(CONTINUED)*

2.1 EFFECT OF ADOPTING IFRS 16: LEASES (CONTINUED)

2.2.3 Adjustment recognised on adoption of IFRS 16: Leases

The effect of the adoption of IFRS 16 as at 1 October 2019 (increase/(decrease)) is as follows:

	Unaudited six months ended 31 Mar 2020 R'000	Unaudited At transition date 1 Oct 2019 R'000
Assets		
Right-of-use assets - Buildings	**163 540**	180 061
Total assets	**163 540**	180 061
Liabilities		
Lease liabilities	**243 604**	261 094
Deferred taxation	**(21 886)**	(22 622)
Accounts payables and provisions	**(5 047)**	(5 047)
Total liabilities	**216 671**	233 425
Equity		
Distributable reserve	**(49 376)**	(49 376)
Non-controlling interests	**(3 988)**	(3 988)
Total equity	**(53 364)**	(53 364)
Statement of comprehensive income		
Depreciation	**16 521**	
Lease rentals	**(28 992)**	
Interest expense	**11 502**	
Taxation expense	**736**	
Profit after taxation	**(233)**	

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

	Unaudited At transition date 1 Oct 2019 R'000
Operating lease commitments as at 30 September 2019	303 799
Discounted using the incremental borrowing rate at 1 October 2019	(205 169)
Less: Short-term and low value leases not recognised as liabilities	(12 858)
Add: Extension in lease term applied	175 322
Lease liabilities recognised as at 1 October 2019	261 094
Represented by:	
Non-current portion – lease liabilities	243 604
Current portion – lease liabilities	17 489

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS *(CONTINUED)*

for the period ended 31 March 2020

2. ADOPTION OF NEW ACCOUNTING STANDARDS *(CONTINUED)*

2.1 EFFECT OF ADOPTING IFRS 16: LEASES (CONTINUED)

2.2.5 Impact on segment disclosures

Operating profit for the period ended 31 March 2020, segment assets and segment liabilities as at 31 March 2020 increased as a result of the change in accounting policy. The following segments were affected by the change in policy:

R'000	Operating profit	Segment assets	Segment liabilities
Canned fish and fishmeal (Africa)	3 235	73 841	102 051
Fishmeal and fish oil (USA)	375	9 517	9 995
Horse mackerel, hake, lobster and squid	1 799	19 019	28 093
Commercial cold storage and logistics	7 063	61 163	76 532
	12 471	163 540	216 671

3. REVENUE

	Unaudited six months ended 31 Mar 2020 R'000	Unaudited six months ended 31 Mar 2019 R'000	Audited year ended 30 Sep 2019 R'000
The main categories of revenue are set out below:			
Sale of goods			
Canned fish and fishmeal (Africa)	**2 056 773**	1 962 027	4 032 172
Fishmeal and fish oil (USA)	**630 364**	654 487	1 721 044
Horse mackerel, hake, lobster and squid	**727 393**	723 890	1 504 466
Rendering of services			
Commercial cold storage and logistics	**190 032**	206 832	371 452
Other non-trade revenue[1]			
Canned fish and fishmeal (Africa)	**1 884**	3 672	6 368
Horse mackerel, hake, lobster and squid	**19 259**	5 473	9 970
Commercial cold storage and logistics	**809**	1 035	1 943
	3 626 514	3 557 416	7 647 415

Note:

[1] *Other non-trade revenue includes commission, quota fees received and rental income.*

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS *(CONTINUED)*

for the period ended 31 March 2020

4. SEGMENTAL RESULTS

March 2020 Segment	Canned fish and fishmeal (Africa) R'000	Fishmeal and fish oil (USA) R'000	Horse mackerel, hake, lobster and squid R'000	Commercial cold storage and logistics R'000	Financing[3] R'000	Total R'000
Revenue	2 058 657	630 364	746 652	190 841		3 626 514
Operating profit before other operating items	264 462	91 420	197 123	52 115		605 120
Other operating items						
Operating profit	264 462	91 420	197 123	52 115		605 120
Investment income	5 767		1 796	4		7 567
Interest expense	(96 903)	(42 255)	(2 665)	(4 753)		(146 576)
Profit before taxation	173 326	49 165	196 254	47 366		466 111
Taxation expense	(66 745)	(7 645)	(62 378)	(16 632)		(153 400)
Profit after tax for the period	106 581	41 520	133 876	30 734		312 711
The above profit for the period include the following:						
Depreciation and amortisation	20 488	53 024	34 887	13 209		121 608
Statement of financial position						
Total assets	1 906 443	7 752 443	1 203 668	570 244	323 803	11 756 601
Total liabilities	1 023 472	574 496	387 752	186 078	3 675 319	5 847 117
The above amounts of assets and liabilities includes the following:						
Interest in associate and joint ventures	72 253	254 548	1			326 802

March 2020 Region	South Africa and Namibia R'000	Other Africa R'000	North America R'000	Europe R'000	Far East R'000	Other R'000	Total R'000
Revenue[1]	2 159 911	462 434	619 329	323 089	51 035	10 716	3 626 514
Non-current assets[2]	1 079 324		6 703 808				7 783 132

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS *(CONTINUED)*

for the period ended 31 March 2020

4. SEGMENTAL RESULTS *(CONTINUED)*

March 2019 Segment	Canned fish and fishmeal (Africa) R'000	Fishmeal and fish oil (USA) R'000	Horse mackerel, hake, lobster and squid R'000	Commercial cold storage and logistics R'000	Financing[3] R'000	Total R'000
Revenue	1 965 699	654 487	729 363	207 867		3 557 416
Operating profit before other operating items	221 753	118 172	180 029	34 337		554 291
Other operating items				(770)		(770)
Operating profit	221 753	118 172	180 029	33 567		553 521
Investment income	6 634	5 633	3 678	301		16 246
Interest expense	(102 620)	(40 713)	(2 958)	(80)		(146 371)
Profit before taxation	125 767	83 092	180 749	33 788		423 396
Taxation expense	(36 076)	(19 467)	(53 922)	(12 514)		(121 979)
Profit after tax for the period	89 691	63 625	126 827	21 274		301 417
The above profit for the period include the following:						
Depreciation and amortisation	32 130	51 080	38 688	10 436		132 334
Statement of financial position						
Total assets	2 514 506	6 328 427	627 975	257 468	318 037	10 046 413
Total liabilities	807 420	407 649	378 322	109 431	3 608 957	5 311 779
The above amounts of assets and liabilities includes the following:						
Interest in associate and joint ventures	71 284	196 588	1			267 873

March 2019 Region	South Africa and Namibia R'000	Other Africa R'000	North America R'000	Europe R'000	Far East R'000	Other R'000	Total R'000
Revenue[1]	2 164 454	350 330	564 152	372 877	95 456	10 147	3 557 416
Non-current assets[2]	831 368		5 498 991				6 330 359

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS *(CONTINUED)*

for the period ended 31 March 2020

4. SEGMENTAL RESULTS *(CONTINUED)*

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

September 2019 (Audited) Region	South Africa and Namibia R'000	Other Africa R'000	North America R'000	Europe R'000	Far East R'000	Other R'000	Total R'000
Revenue[1]	4 192 618	742 597	1 307 645	1 179 074	200 465	25 016	7 647 415
Non-current assets[2]	880 117		5 703 713				6 583 830

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

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

Canned fish and fishmeal R684.7 million (March 2019: R562.6 million), horse mackerel, hake, lobster and squid R26.8 million (March 2019: R18.2 million) and commercial cold storage and logistics R50.9 million (March 2019: R41.5 million).

Notes:

[1] *Revenue per region discloses the region in which product is sold and services rendered.*
[2] *Non-current assets per region discloses where the subsidiary is located, includes property, plant and equipment, and intangible assets.*
[3] *Financing includes cash and cash equivalents and loans receivable and payable.*

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS *(CONTINUED)*

for the period ended 31 March 2020

5. OTHER OPERATING (EXPENSE)/INCOME ITEMS

	Unaudited six months ended 31 Mar 2020 R'000	Unaudited six months ended 31 Mar 2019 R'000	Audited year ended 30 Sep 2019 R'000
Profit on disposal of fishing vessel			3 303
Impairment of loans[1]			(17 596)
Impairment of plant, property and equipment			(1 108)
Impairment of goodwill			(1 276)
Loss on disposal of business[2]		(770)	(770)
		(770)	(17 447)

Note:

[1] *Loans impaired in the prior period, pertains to loans with the group's African fishmeal and oil joint ventures Oceana Boa Pesca and Oceana Pesche International. The loans exhibited increased credit risk and are deemed to be credit impaired following management's decision to terminate the operations on the back of the decline in the sardinella resource in Angola.*

[2] *The R0.8 million in the prior period relates to loss on sale of the CCS V&A cold store assets.*

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, intangible 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.

Based on management's assessment, no transactions have arisen for the current period that warrant further disclosure.

6. TAXATION EXPENSE

	Unaudited six months ended 31 Mar 2020 R'000	Unaudited six months ended 31 Mar 2019 R'000	Audited year ended 30 Sep 2019 R'000
Current taxation	**147 245**	135 973	208 586
Current year	**125 426**	127 131	222 023
Withholding tax	**21 819**	8 842	9 786
Adjustments in respect of previous years			(23 223)
Deferred taxation	**6 155**	(13 994)	40 059
Current year	**6 155**	(13 994)	37 306
Adjustments in respect of previous years			2 753
	153 400	121 979	248 645

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS *(CONTINUED)*

for the period ended 31 March 2020

7. DERIVATIVE ASSETS/LIABILITIES

	Unaudited six months ended 31 Mar 2020 R'000	Unaudited six months ended 31 Mar 2019 R'000	Audited year ended 30 Sep 2019 R'000
DERIVATIVE ASSETS			
Non-current			
Interest rate caps and swaps held as hedging instruments			
Opening balance		17 398	17 398
Fair value adjustments recognised in profit or loss (ineffective portion)		(264)	(303)
Fair value adjustments recognised in other comprehensive income (effective portion)		(13 820)	(19 699)
Reclassified to derivative liabilities			2 102
Foreign currency translation adjustment		210	502
Closing balance		3 524	
Interest rate caps		74	
Interest rate swaps		3 450	
		3 524	
DERIVATIVE LIABILITIES			
Non-current			
Opening balance	**10 320**		
Fair value adjustments recognised in profit or loss (ineffective portion)	**228**		203
Fair value adjustments recognised in other comprehensive income (effective portion)	**20 336**		7 803
Reclassified from other comprehensive income to profit and loss	**(4 123)**		
Reclassified from derivative assets			2 102
Foreign currency translation adjustment	**2 576**		212
Closing balance	**29 337**		10 320
Interest rate caps			118
Interest rate swaps	**29 337**		10 202
	29 337		10 320

Interest rate caps and swaps recorded in the cash flow hedging reserve and derivative assets 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 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.

Interest rate caps were executed in 2016 with a maturity date of 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. The designated hedged item with a principle value of R267 million (March 2019: R390 million) was early settled on 31 December 2019 resulting in the discharge of the interest rate cap. 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. R4.1 million (March 2019: Nil) was reclassified from other comprehensive income to profit and loss on settlement of the interest rate cap during the period. During the period, a fair value loss of R0.2 million (March 2019: loss R0.2 million) was recognised in profit and loss.

An interest rate swap on United States (US) debt was executed in March 2017 with an effective date of 31 August 2018 and a maturity date of 22 July 2020 at a fixed swap rate of 2.175%. In October 2019, a new interest rate swap on US debt was executed with a maturity date of 27 September 2024 at a swap fixed rate of 1.473%. The notional principal amount of the US interest rate swaps at 31 March 2020 amounts to R2 049 million (March 2019: R1 581 million) comprising hedges on interest payable on term debt to the same value.

In May 2019, interest rate swaps on South African (SA) debt were executed with a maturity date of 20 July 2021 and 20 July 2022 at a swap fixed rate of between 7.05% and 7.09%. The notional principle amount of the SA interest rate swaps at 31 March 2020 amounts to R482 million (March 2019: Nil) comprising hedges on interest payable on term debt of R920 million (March 2019: Nil). During the period, a fair value loss of R20.5 million (March 2019: loss R13.6 million) was recognised in other comprehensive income. The interest rate swap was reclassified from derivative assets in the prior period.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS *(CONTINUED)*

for the period ended 31 March 2020

8. DISPOSAL OF BUSINESS

	Unaudited six months ended 31 Mar 2020 R'000	Unaudited six months ended 31 Mar 2019 R'000	Audited year ended 30 Sep 2019 R'000
V&A COLD STORE (CCS)			
The group disposed of the V&A cold store assets within the commercial cold storage and logistics segment, in the prior period.			
Assets disposed:			
Property, plant and equipment		8 270	8 270
Goodwill		10 000	10 000
		18 270	18 270
Consideration received		17 500	17 500
Net loss on disposal of business		(770)	(770)

9. DETERMINATION OF HEADLINE EARNINGS

	Unaudited six months ended 31 Mar 2020 R'000	Unaudited six months ended 31 Mar 2019 R'000	Audited year ended 30 Sep 2019 R'000
Profit after taxation attributable to shareholders of Oceana Group Limited	**292 631**	288 667	617 616
Adjusted for:			
Impairment of capital loans			7 887
Impairment of property, plant and equipment and other intangibles	**(638)**		2 384
Headline earnings adjustments – joint ventures			7 903
Net profit on disposal of property, plant and equipment and intangible assets	**(215)**	(397)	(3 040)
Loss on disposal of business		770	770
Total non-controlling interest in above	**(23)**	115	74
Total tax effect of adjustments	**214**	2 654	2 772
Headline earnings for the period	**291 969**	291 809	636 366
Headline earnings per share (cents)			
– Basic	**249.8**	249.7	544.3
– Diluted	**231.5**	229.5	500.9

10. DIVIDENDS

Dividend declared after reporting date		143 785	280 710
Dividend per share (cents)		123.0	363.0
Number of shares in issue net of treasury shares	**116 922**	116 898	116 962

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS *(CONTINUED)*

for the period ended 31 March 2020

11. SUPPLEMENTARY INFORMATION

	Unaudited six months ended 31 Mar 2020 R'000	Unaudited six months ended 31 Mar 2019 R'000	Audited year ended 30 Sep 2019 R'000
Amortisation	**19 563**	31 103	39 443
Depreciation	**102 045**	101 231	170 950
Operating lease charges (including low-value and short-term leases)	**41 984**	42 542	105 821
Share-based expenses	**4 799**	4 807	10 891
Cash-settled compensation	**(996)**	1 334	(1 407)
Equity-settled compensation	**5 795**	3 473	12 298
Capital expenditure	**157 393**	138 831	228 146
Replacement	**157 393**	138 831	228 146
Budgeted capital commitments	**191 073**	169 581	375 471
Contracted	**77 428**	51 014	26 822
Not contracted	**113 645**	118 567	348 649

12. ELIMINATION OF TREASURY SHARES

	Number of shares '000	Number of shares '000	Number of shares '000
Weighted average number of shares in issue	**130 432**	135 526	135 526
Less: Weighted average treasury shares held by share trusts	**(13 522)**	(13 546)	(13 522)
Less: Weighted average treasury shares held by subsidiary company	**(40)**	(5 094)	(5 094)
Weighted average number of shares on which basic earnings per share and basic headline earnings per share are based	**116 870**	116 886	116 910
Weighted average number of shares on which diluted earnings per share and diluted headline earnings per share are based	**126 126**	127 131	127 043

Oceana Group Limited's ("Oceana's") wholly owned subsidiary Lucky Star Limited ("Lucky Star") held 5 094 350 ordinary shares of no par value which were acquired in terms of specific authorisation to repurchase shares in 2007.

Oceana repurchased the 5 094 350 shares of no par value as announced on the JSE Limited's Stock Exchange News Service on 30 March 2020. The subsequent delisting and cancellation of the 5 094 350 ordinary shares, as approved by the JSE Limited, was effected on 30 March 2020.

40 230 shares were repurchased on the open market, during the period by Lucky Star, for the purposes of the group's forfeitable share plan allocation.

13. RELATED-PARTY TRANSACTIONS

The group entered into various other transactions with related parties in the ordinary course of business, on market related terms. The nature of these related-party transactions is consistent with those reported previously.

14. CONTINGENT LIABILITIES AND GUARANTEES

Oceana Group Limited ("the company") and its subsidiaries have given cross suretyships in support of bank overdraft facilities of certain subsidiaries and the company. The company and six of it subsidiaries have guaranteed long-term loans of R1 268.3 million (2019: R1 707.9 million).

15. EVENTS AFTER THE REPORTING DATE

At the date of this report, the COVID-19 pandemic has had no significant effect on the operations of the group. Although the outcome of COVID-19 remains unpredictable, management has and continues to implement measures to minimise the impact of COVID-19 on the group's operations. The board has evaluated the potential impact of COVID-19 on the group's liquidity position, taking undrawn debt facilities and scenario forecasting into consideration and believes that the group has sufficient liquidity to withstand COVID-19 related interruptions to the group's operations. Further details of the group's response to COVID-19 can be found in the commentary section included in these condensed consolidated financial statements. No further events occurred after the reporting date that may have an impact on the group's reported position at 31 March 2020 or require separate disclosure in these condensed consolidated financial statements.

COMMENTS

COVID-19 PANDEMIC

Oceana is fully committed to the preventative measures implemented by various Governments during March to contain the spread of the novel coronavirus (COVID-19), in the countries in which we operate, with our primary priority being to ensure the health and safety of our employees, customers and suppliers and food security through continuity of production.

The group is classified as an essential service provider in all the countries in which we operate, being involved in the sourcing, manufacturing and distribution of food products, including fishmeal and oil. All our locations continue to operate with continuous monitoring and evaluation of COVID-19 standard operating procedures (SOP's) and protocols to safeguard our employees and ensure business continuity.

Oceana proactively implemented several health and safety SOP's and protocols across the group in February and early March prior to Government announced lockdowns. Our stringent SOP's include the provision of daily transport to workers within the guidelines provided, temperature testing of all employees and visitors, restricting access to facilities, regular sanitisation and cleansing of facilities, provision of the requisite personal protective equipment to all employees and other social distancing measures. In addition, all office-based employees are equipped to work remotely enabling management and administration to function effectively during the lockdown.

In terms of living up to our culture statement of "positively impacting lives", we are working closely with Government and charitable organisations with whom we partner, to donate water, food parcels and essential medical equipment and supplies to help alleviate the impact of COVID-19 on vulnerable communities. In support of the South African Government's call to increase funds available to combat COVID-19 in these communities, Oceana's management and Board members have voluntarily agreed to salary and fee reductions.

FINANCIAL RESULTS

The group delivered a resilient operating performance for the six months ended 31 March 2020 under difficult trading conditions in the latter quarter. Performance of our African operations was strong driven by sustained demand for canned fish, horse mackerel and hake, supported by firm pricing across all sectors. Operational efficiencies and a solid performance from the cold storage segment following optimisation of capacity has bolstered results. As expected, performance of the fishmeal and fish oil segment in the United States of America (USA) was curtailed on the back of the lower prior season catch.

Group revenue increased by 2% to R3 627 million (March 2019: R3 557 million) primarily due to increased African operations' revenue of 3% mainly attributable to improved canned fish, fish oil and horse mackerel pricing, increased cold storage occupancy levels and the favourable impact of the weaker Rand on export revenues.

Revenue from Daybrook's operations declined 4% due to lower fish oil sales volumes following lower prior year catches and oil yields, partially negated by firmer global fish oil pricing and the favourable US Dollar exchange rate.

During the period the group extracted operating efficiencies through optimisation of the SA fishmeal fleet and cold storage capacity. Associate and joint venture losses reduced materially following closure of the Angolan fishmeal operations and higher volumes processed through the Namibian canning operation.

Group operating profit increased by 9% to R605 million (March 2019: R554 million) driven by growth of 18% in our African operations offset by a reduction in the USA where Daybrook's operating profit declined by 23%.

Net interest expense increased by 7% to R139 million (March 2019: R130 million). On a comparable basis, adjusting for the financial effects of adopting IFRS 16: Leases, net interest expense decreased by 2% primarily due to the early repayment of debt in South Africa and lower interest rates. The average interest rate for all debt is 5.0% (March 2019: 7.0%).

The strong performance of the Africa operations together with the lower net interest expense, resulted in group profit before tax increasing by 10% to R466 million (March 2019: R423 million).

TAXATION

Taxation expense increased by 26% to R153 million (March 2019: R122 million) due to the higher earnings contribution from the African operations which is subject to a higher tax rate than the USA operations and dividends withholdings tax of R21.8 million (March 2019: R8.8 million) accrued on dividends declared by foreign subsidiaries.

HEADLINE EARNINGS AND DIVIDEND

Group headline earnings per share was in-line with the prior year with the higher taxation expense offsetting the increased profit before tax. On a comparable basis, excluding the effects of the incremental dividends withholding tax, headline earnings increased by 4%.

COMMENTS *(CONTINUED)*

HEADLINE EARNINGS AND DIVIDEND *(CONTINUED)*

Notwithstanding the pleasing performance of the business for the six months ended 31 March 2020, the Board considered it prudent to defer its decision on an interim dividend in light of the evolving impact of COVID-19 on the macro-economic environment and the group's operations. This precautionary measure preserves cash and provides greater balance sheet flexibility in these uncertain times. The board will continue to evaluate the group's operational performance and financial prospects during the year before concluding on an interim dividend. The dividend per share declared for the prior period to March 2019 was 123 cents per share.

FINANCIAL POSITION AND CASH FLOW

Working capital continues to be efficiently managed and the group's cash generated from operations increased significantly to R683 million (March 2019: R194 million) following improved inventory levels and extended payment terms secured with international frozen fish suppliers. As a result, cash balances increased to R325 million (March 2019: R194 million).

Group long term debt is R3 617 million (March 2019: R3 589 million) of which R2 049 million (March 2019: R1 581 million) is US Dollar denominated. The increase in US Dollar denominated debt is attributable to the higher closing exchange rate of R17.9/US Dollar (March 2019: R14.6/US Dollar) and the refinance of the US term facility on improved terms.

REVIEW OF OPERATIONS

Canned fish and fishmeal (Africa)

This segment has delivered strong growth in operating profit of 19% due to improvements in both the canned fish and fishmeal (Africa) divisions.

With canned pilchard volumes at 4.5 million cartons (March 2019: 4.4 million cartons) the canned fish business delivered further growth in an environment where the disposable income of consumers is under considerable pressure, off the back of an 11% volume growth in the prior period. This was enabled by a strategy of maintaining relative affordability and promoting the versatility of our Lucky Star brand. Including the effect of a price increase in November overall revenue growth for this segment is 4%.

Canned fish production has been largely supplied by imported frozen fish given that the SA Pilchard Total Allowable Catch (TAC) remains at a cyclical low. Consistent supply of frozen fish for Lucky Star's canned pilchard products continued to benefit our canneries in South Africa and Namibia from both a production and labour efficiency perspective.

The canned fish sales price increase in November together with the lower cost of local production offset the impact of the weaker Rand on imported frozen fish. This resulted in the canned fish business delivering an improved performance for the period.

Profitability of the African fishmeal and fish oil business improved as a result of improved fish oil pricing, the weaker Rand, cost savings from SA fleet optimisation and elimination of operational losses following closure of the Angolan operation.

Fishmeal and fish oil (USA)

As previously reported, landings in October 2019 were below historical averages. This together with the lower oil yields experienced in the prior season, reduced fish oil stock available for sale during the closed season period to March 2020 resulting in lower revenue for the reporting period.

Positively, fishmeal sales volumes have performed better than expected and remained strong with continued demand from the USA pet food manufacturers. Pleasingly, overall pricing for both meal and oil has increased by 3% over the prior period.

Operating profit for the period reduced to R91.4 million (March 2019: R118.2 million) due primarily to lower fish oil sales volumes. US Dollar earnings have been converted at an average exchange rate of R15.3/US Dollar compared to R14.3/US Dollar for the comparative period.

The 2020 fishing season commenced on 20 April 2020 with all vessels fully deployed and plant operations functional and will run until the end of October 2020. Early season indicators are positive with landings to the end of May approximately 30% higher than 2019 and oil yields of 10.3% (2019: 8.3%).

COMMENTS *(CONTINUED)*

REVIEW OF OPERATIONS *(CONTINUED)*

Horse mackerel, hake, lobster and squid

The segment has delivered 9% growth in operating profit, driven by a strong performance from the horse mackerel and hake businesses.

Demand for Namibian and South African horse mackerel remained positive resulting in increased sales volumes and improved US Dollar pricing. In Namibia, the ministry of fisheries announced a 5% decline in the TAC relation to the prior period. In South Africa, quota available to Oceana through own and joint venture allocations remained in line with the prior period.

Improved vessel utilisation, lower fuel prices and the weaker Rand have contributed to an improved performance for this business.

In Namibia, long-term fishing rights were announced with our joint venture partners successfully securing seven-year rights in the horse mackerel fishery, in line with our current license conditions. We will continue to explore additional partnership opportunities with new rightsholders while continuing to play a positive role in the development of the Namibian fishing sector.

The 2020 Hake offshore TAC remained in line with the prior period. A strong improvement in revenue and operating profit for this business is the result of continued European demand for products consumed in-home, the weaker Rand and lower fuel prices.

The West Coast Rock Lobster TAC remained unchanged. Profitability was negatively impacted by poor catch rates and the closure of the Chinese market for live lobster following the COVID-19 outbreak. In response, fishing was slowed down and product frozen for sale into other geographies at lower margins.

There was no change to fishing rights allocated to the squid business. Poor industry catches and lower opening inventory levels resulted in a reduction of sales volumes and lower profitability.

Commercial cold storage and logistics (CCS)

The CCS business delivered a significantly improved performance more reflective of its full potential. The strong performance was driven by higher occupancy levels, reduced operational costs following right sizing of cold storage capacity and the non-recurrence of once-off costs incurred in the prior period. The Western Cape facilities continued to benefit from the high levels of frozen fish procured by Lucky Star whilst the inland facilities benefitted from new customer intake and a reduced cost base.

PROSPECTS

The positive trading of all our products has continued into April and May, aided by signs of recovery in the SA pilchard resource and improved landings of industrial fish in South Africa and Gulf Menhaden in the USA. Live lobster processing and sales into China have resumed.

Canned pilchard demand has remained resilient into April and May, demonstrating volume growth against the prior period, and our ability to continue servicing this demand is strong given our well-stocked inventory levels. Canned fish margins will however be challenged by the increased cost of imported fish given the weaker Rand. Our strategy of driving volume through relative affordability and product versatility remains intact with continued focus on operational efficiencies and supply chain improvements.

Global demand for fish meal and fish oil remains firm supported by increased Chinese production levels and positive shifts in in-home farmed fish consumption. Global supply will be impacted by Peruvian ability to manage COVID-19 disruption risk and bolstered by good landings in South Africa and the USA, which are currently tracking materially above the prior period.

Rand weakness is anticipated to continue for the remainder of the financial year benefitting our export businesses and the translation of Daybrook's earnings both of which are weighted to the second half given the seasonality of the peak fishing periods.

Interest on unhedged South African debt in the second half will benefit from the 275-basis point reduction in the SA Reserve Bank repo rate.

In South Africa, Cabinet has approved the extension of fishing rights to December 2021 with exemptions granted to existing rights holders to continue fishing based on current allocations.

COMMENTS *(CONTINUED)*

PROSPECTS *(CONTINUED)*

We expect our operations in the Western Cape to be negatively impacted by COVID-19 as the number of infections peak, with a higher risk of business interruption in our hake and horse mackerel segment. The risk of a large-scale impact in the immediate future is however mitigated by the diverse and wide footprint of our operations, the geographic spread of our customer base and the high levels of in-home consumption of our various product offerings. We continue to closely monitor the health of our front-line employees and to adapt SOP's implemented to mitigate the risk of high infection rates at any one of our locations.

Although the outcomes of COVID-19 on the macro environment and our operations remains unpredictable, at this stage, we believe that Oceana has sufficient headroom in terms of its debt covenants and liquidity requirements to cover adverse cashflow effects. Stringent and proactive measures have been implemented across the group to manage costs, and optimise working capital and capital expenditure, with a strong focus on cash flow management during these uncertain times.

Oceana is exceptionally proud of all its employees for their committed diligence, care and professionalism in continuing to deliver excellence and essential products during this most trying of times.

Any forward-looking statements set out in this announcement have not been reviewed or reported on by the auditor.

On behalf of the Board

MA Brey
Chairman (non-executive)

I Soomra
Chief executive officer

4 June 2020

DIRECTORATE AND STATUTORY INFORMATION

Directors:	MA Brey (chairman), I Soomra* (chief executive officer), E Bosch (resigned 31 January 2020), ZBM Bassa, PG de Beyer, A Jakoet (appointed 14 November 2019), S Pather, NA Pangarker, L Sennelo, NV Simamane. (*Executive)
Prescribed Officer:	T Giles (Interim chief financial officer)
Registered Office:	9th Floor, Oceana House, 25 Jan Smuts Street, Foreshore, Cape Town, 8001
Transfer Secretaries:	Computershare Investor Services Proprietary Limited
	Rosebank Towers, 15 Biermann Avenue, Rosebank, Johannesburg, 2196 (PO Box 61051, Marshalltown, 2107)
Sponsor – South Africa:	The Standard Bank of South Africa Limited
Sponsor – Namibia:	Old Mutual Investment Services (Namibia) Proprietary Limited
Auditors:	Deloitte & Touche
Company Secretary:	A Fortune
JSE share code:	OCE
NSX share code:	OCG
ISIN:	ZAE000025284