



SANFORD LIMITED
SUSTAINABLE SEAFOOD



Financial Statements For the year ended 30 September 2010

From sea to food – over 100 years of sustained growth

Financial Statements 2010

The Directors are pleased to present the Financial Statements of the Group for the year ended 30 September 2010.

For and on behalf of the Board of Directors:



B S Cole
Chairman

24 November 2010



E F Barratt
Managing Director

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Five Year Financial Review

	2010 [#]	2009 [#]	2008 [#]	2007 [#]	2006
	\$000	\$000	\$000	\$000	\$000
Revenue	421,087	433,091	436,564	367,920	390,402
EBITDA*	49,057	68,366	65,874	52,197	63,303
Depreciation, amortisation and impairment	(13,754)	(14,892)	(22,359)	(13,635)	(16,167)
EBIT	35,303	53,474	43,515	38,562	47,136
Net interest	(5,780)	(6,788)	(10,021)	(11,109)	(12,247)
Net currency exchange gains (losses)	7,836	8,387	5,505	(10,511)	4,773
Net gain (loss) on sale of investments, property, plant and equipment	409	(35)	29,749	425	322
Gain on sale of subsidiaries	–	–	–	7,528	–
Profit before income tax	37,768	55,038	68,748	24,895	39,984
Income tax (expense)	(12,743)	(15,899)	(15,328)	(4,865)	(13,393)
Profit for the year	25,025	39,139	53,420	20,030	26,591
Minority interest	(21)	(64)	(76)	105	(517)
Profit attributable to equity holders of the Group	25,004	39,075	53,344	20,135	26,074
Equity					
Paid in capital	95,355	95,355	95,355	95,355	95,355
Reserves	456,214	452,575	430,491	423,688	408,456
Minority interest	633	591	523	443	978
Total equity	552,202	548,521	526,369	519,486	504,789
Represented by:					
Current assets	139,049	124,488	109,837	118,971	120,373
Less current liabilities	89,023	67,828	44,891	50,353	56,430
Working capital	50,026	56,660	64,946	68,618	63,943
Property, plant and equipment	107,685	113,195	106,760	109,965	116,709
Investments	10,981	21,319	20,581	57,082	31,129
Term receivable	–	2,749	6,419	4,752	–
Biological assets	6,730	5,574	5,039	4,300	–
Intangible assets	454,850	453,564	415,768	409,035	422,702
Brand use rights	–	–	–	–	1,000
	630,272	653,061	619,513	653,752	635,483
Less non-current liabilities	78,070	104,540	93,144	134,266	130,694
Total net assets	552,202	548,521	526,369	519,486	504,789
Dividend per share (cents)	23 [†]	23 [†]	23 [†]	22 [†]	22 [†]
Dividend cover	1.2 [†]	1.8 [†]	2.5 [†]	1.0 [†]	1.3 [†]
Return on average total equity	4.5%	7.3%	10.2%	4.0%	5.2%
Earnings per share (cents)	26.7	41.7	57.0	21.5	27.8
Net asset backing per share	\$5.90	\$5.86	\$5.62	\$5.55	\$5.39

* Earnings before interest, taxation, depreciation and amortisation, impairment of investments, total currency exchange gains (losses) and profit on disposal of investments and long term assets

Prepared in accordance with New Zealand equivalents to International Financial Reporting Standards. To comply with NZ IFRS the 2006 comparatives would require disclosure of biological assets in accordance with NZIAS 41 and intangible assets (mainly quota and marine farm licences) restated in accordance with NZIAS38.

† Includes the dividends proposed after balance date.

Major events

May 2006 – Cancelled 2,036,982 shares

Income Statement

for the year ended 30 September 2010

	Note	Group		Parent	
		2010	2009	2010	2009
		\$000	\$000	\$000	\$000
Revenue	5	421,087	433,091	368,445	368,982
Cost of sales		(351,654)	(345,633)	(298,674)	(282,081)
Gross profit		69,433	87,458	69,771	86,901
Other income	6	8,558	5,218	5,033	1,649
Distribution expenses		(26,186)	(24,186)	(26,186)	(24,186)
Administrative expenses	7	(10,446)	(10,405)	(8,619)	(8,438)
Other expenses	7	(4,699)	(4,490)	(4,631)	(4,260)
Operating profit		36,660	53,595	35,368	51,666
Financial income	8	8,396	9,581	9,573	10,244
Financial expenses	8	(6,246)	(8,348)	(6,246)	(7,684)
Net finance income		2,150	1,233	3,327	2,560
Share of (loss) profit of equity accounted investees	13	(1,042)	210	–	–
Profit before income tax		37,768	55,038	38,695	54,226
Income tax (expense)	9	(12,743)	(15,899)	(12,204)	(16,031)
Profit for the year		25,025	39,139	26,491	38,195
Attributable to:					
Equity holders of the Group		25,004	39,075	26,491	38,195
Minority interest		21	64	–	–
		25,025	39,139	26,491	38,195
Earnings per share					
Basic and diluted earnings per share (cents)	21	26.7	41.7		



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Statement of Comprehensive Income

for the year ended 30 September 2010

	Group		Parent	
	2010	2009	2010	2009
	\$000	\$000	\$000	\$000
Profit for the year (after tax)	25,025	39,139	26,491	38,195
Other comprehensive income				
Foreign currency translation differences	1,584	432	–	–
Change in fair value of cash flow hedges	(1,394)	4,115	(1,394)	4,115
Total other comprehensive income (loss) for the year	190	4,547	(1,394)	4,115
Total comprehensive income for the year	25,215	43,686	25,097	42,310
Total comprehensive income for the year is attributable to:				
Equity holders of the Group	25,173	43,618	25,097	42,310
Minority interest	42	68	–	–
Total comprehensive income for the year	25,215	43,686	25,097	42,310

Balance Sheet

as at 30 September 2010

	Note	Group		Parent	
		2010	2009	2010	2009
		\$000	\$000	\$000	\$000
Equity					
Paid in capital		95,355	95,355	95,355	95,355
Retained earnings		450,135	446,665	425,662	420,705
Other reserves		6,079	5,910	2,721	4,115
Total equity attributable to shareholders of the Company		551,569	547,930	523,738	520,175
Minority interest		633	591	–	–
Total equity	19	552,202	548,521	523,738	520,175
Non-current liabilities					
Bank loans secured (2009:unsecured)		70,000	100,000	70,000	100,000
Advances from subsidiary companies	26	–	–	67,608	60,772
Deferred taxation	15	8,070	4,540	8,025	5,103
Total non-current liabilities		78,070	104,540	145,633	165,875
Current liabilities					
Bank overdraft and borrowings	18	5,824	33,886	5,000	33,197
Bank loans secured		50,000	–	50,000	–
Derivative financial instruments		708	371	708	371
Trade creditors		13,053	9,500	11,811	8,630
Other liabilities		11,347	15,511	10,504	14,752
Employee entitlements		6,346	6,020	6,168	5,666
Taxation payable		1,745	2,540	1,719	2,058
Total current liabilities		89,023	67,828	85,910	64,674
Total liabilities		167,093	172,368	231,543	230,549
Total equity and liabilities		719,295	720,889	755,281	750,724
Non-current assets					
Property, plant and equipment	10	107,685	113,195	107,668	113,616
Investments	13,14	10,981	21,319	51,316	51,321
Term receivable		–	2,749	–	2,749
Biological assets	12	6,730	5,574	6,730	5,574
Intangible assets	11	454,850	453,564	437,154	437,150
Advances to subsidiary companies	26	–	–	22,757	22,688
Total non-current assets		580,246	596,401	625,625	633,098
Current assets					
Cash on hand and at bank	18	10,242	4,003	8,533	2,657
Trade debtors	17	54,294	41,253	49,249	37,665
Derivative financial instruments		4,813	9,968	4,813	9,968
Other debtors and prepayments		11,454	10,202	9,272	8,629
Current portion of term receivable		2,685	2,706	2,685	2,706
Biological assets	12	6,571	6,375	6,571	6,375
Intangible assets	11	3,417	–	3,417	–
Inventories	16	45,573	49,981	45,116	49,626
Total current assets		139,049	124,488	129,656	117,626
Total assets		719,295	720,889	755,281	750,724



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Statement of Cash Flows

for the year ended 30 September 2010

	Note	Group		Parent	
		2010	2009	2010	2009
		\$000	\$000	\$000	\$000
Cash flows from operating activities					
Cash provided from:					
Receipts from customers		421,599	444,851	367,424	377,001
Interest received		444	924	627	800
Dividends received		94	298	23	22
		422,137	446,073	368,074	377,823
Cash applied to:					
Payments to suppliers and employees		375,376	391,305	320,603	325,376
Income tax paid		9,397	17,189	9,397	17,516
Interest paid		5,993	7,171	5,993	7,171
		390,766	415,665	335,993	350,063
Net cash flows from operating activities	25	31,371	30,408	32,081	27,760
Cash flows from investing activities					
Cash provided from:					
Disposal of property, plant and equipment		781	296	781	296
Sale of investments and subsidiaries		8,507	426	-	-
Loans repaid by related parties		-	-	6,766	3,284
Dividends received from associates		767	643	767	643
Repayment of term receivable		2,871	1,559	2,871	1,559
		12,926	2,924	11,185	5,782
Cash applied to:					
Purchase of property, plant and equipment		8,425	21,309	7,683	21,243
Purchase of intangibles		4	37,458	4	37,458
Acquisition of other investments		52	2,226	-	2,208
		8,481	60,993	7,687	60,909
Net cash flows from investing activities		4,445	(58,069)	3,498	(55,127)
Cash flows from financing activities					
Cash provided from:					
Proceeds from borrowings		20,000	10,000	20,000	10,000
Cash applied to:					
Dividends paid		21,534	21,534	21,534	21,534
Net cash flows from financing activities		(1,534)	(11,534)	(1,534)	(11,534)
Net increase (decrease) in cash and cash equivalents		34,282	(39,195)	34,045	(38,901)
Effect of exchange rate fluctuations on cash held		19	(91)	28	(86)
Cash and cash equivalents at beginning of year		(29,883)	9,403	(30,540)	8,447
Cash and cash equivalents at end of year		4,418	(29,883)	3,533	(30,540)
Represented by:					
Bank overdraft and borrowings		(5,824)	(33,886)	(5,000)	(33,197)
Cash on hand and at bank		10,242	4,003	8,533	2,657
		4,418	(29,883)	3,533	(30,540)

Statement of Changes in Equity

for the year ended 30 September 2010

Group	Note	Share Capital	Translation Reserve	Cash Flow Hedge Reserve	Retained Earnings	Total	Minority Interest	Total Equity
		\$000	\$000	\$000	\$000	\$000	\$000	\$000
Balance at 1 October 2009		95,355	1,795	4,115	446,665	547,930	591	548,521
Profit for the period (after tax)		-	-	-	25,004	25,004	21	25,025
Other comprehensive income								
Foreign currency translation differences		-	1,563	-	-	1,563	21	1,584
Change in fair value of cash flow hedges		-	-	(1,394)	-	(1,394)	-	(1,394)
Total comprehensive income		-	1,563	(1,394)	25,004	25,173	42	25,215
Distributions to shareholders	20	-	-	-	(21,534)	(21,534)	-	(21,534)
Balance at 30 September 2010		95,355	3,358	2,721	450,135	551,569	633	552,202
Balance at 1 October 2008		95,355	1,367	-	429,124	525,846	523	526,369
Profit for the period (after tax)		-	-	-	39,075	39,075	64	39,139
Other comprehensive income								
Foreign currency translation differences		-	428	-	-	428	4	432
Change in fair value of cash flow hedges		-	-	4,115	-	4,115	-	4,115
Total comprehensive income		-	428	4,115	39,075	43,618	68	43,686
Distributions to shareholders	20	-	-	-	(21,534)	(21,534)	-	(21,534)
Balance at 30 September 2009		95,355	1,795	4,115	446,665	547,930	591	548,521

Parent	Note	Share Capital	Cash Flow Hedge Reserve	Retained Earnings	Total Equity
		\$000	\$000	\$000	\$000
Balance at 1 October 2009		95,355	4,115	420,705	520,175
Profit for the period (after tax)		-	-	26,491	26,491
Other comprehensive income					
Change in fair value of cash flow hedges		-	(1,394)	-	(1,394)
Total comprehensive income		-	(1,394)	26,491	25,097
Distributions to shareholders	20	-	-	(21,534)	(21,534)
Balance at 30 September 2010		95,355	2,721	425,662	523,738
Balance at 1 October 2008		95,355	-	404,044	499,399
Profit for the period (after tax)		-	-	38,195	38,195
Other comprehensive income					
Change in fair value of cash flow hedges		-	4,115	-	4,115
Total comprehensive income		-	4,115	38,195	42,310
Distributions to shareholders	20	-	-	(21,534)	(21,534)
Balance at 30 September 2009		95,355	4,115	420,705	520,175

Notes to the Financial Statements

for the year ended 30 September 2010

Note 1 – Reporting Entity

Sanford Limited (the Company) is a profit-oriented company registered in New Zealand under the Companies Act 1993 and listed on the New Zealand Stock Exchange (NZX). The Company is an issuer for the purposes of the Financial Reporting Act 1993 and its Financial Statements comply with that Act. The Financial Statements presented include the individual Financial Statements of the Company and the consolidated Financial Statements of the Company, its subsidiaries and associates (the Group) for the year ended 30 September 2010.

The Group is a large and long-established fishing business devoted entirely to the harvesting, farming, processing, storage and marketing of quality seafood products and investments in related activities.

Note 2 – Basis of Preparation

(a) Statement of compliance

The Financial Statements have been prepared in accordance with New Zealand Generally Accepted Accounting Practice (“NZ GAAP”). They comply with New Zealand equivalents to International Financial Reporting Standards (“NZ IFRS”), and other applicable Financial Reporting Standards, as appropriate for profit-oriented entities. The Financial Statements also comply with International Financial Reporting Standards (IFRS).

(b) Basis of measurement

The Financial Statements have been prepared on the historical cost basis except for the following which are measured at fair value:

- Interest rate swaps, forward exchange contracts and foreign currency options
- Immature salmon, mussels and oysters are measured at fair value less costs to sell.

(c) Functional and presentation currency

These Financial Statements are presented in New Zealand dollars (NZD) – the Company’s functional currency. All financial information presented in New Zealand dollars has been rounded to the nearest thousand dollars.

(d) Use of estimates and judgements

The preparation of Financial Statements requires the Board of Directors to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

Specific areas requiring significant estimates and judgements include:

- Impairment testing of intangible assets (refer note 11)
- Valuation of biological assets (refer note 12)
- Valuation of financial instruments (refer note 22).

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment within the next financial year are included in the relevant notes.

(e) Changes in accounting policies

(i) Presentation of financial statements

In accordance with the revised NZ IAS 1 *Presentation of Financial Statements (2007)*, which became effective for financial periods beginning on or after 1 January 2009, movements in equity resulting from transactions other than those with owners are presented in a statement of comprehensive income and movements in equity resulting from transactions with owners are presented in a statement of changes in equity. Since this change in accounting policy only impacts presentation aspects, there is no impact on earnings per share. Comparative information has been re-presented so that it conforms to the revised standard.

Notes to the Financial Statements

for the year ended 30 September 2010

Note 2 – Basis of Preparation (continued)

(ii) Accounting for business combinations and acquisitions of non-controlling interests

From 1 October 2009 the Group has applied the revised standards NZ IFRS 3 *Business Combinations (2008)* and NZ IAS 27 *Consolidated and Separate Financial Statements (2008)*. The change in accounting policy has been applied prospectively and there has been no impact on earnings per share.

(iii) Determination and presentation of operating segments

The Group determines and presents operating segments based on the information that internally is provided to the Managing Director who is the Group's chief operating decision maker. This change in accounting policy is due to the adoption of NZ IFRS 8 *Operating Segments*. Previously operating segments were determined in accordance with NZ IAS 14 *Segment Reporting*. Comparative segment information has been re-presented in conformity with the current year presentation. Since the accounting policy only impacts presentation and disclosure aspects, there is no impact on earnings per share.

(iv) Accounting for borrowing costs

In respect of borrowing costs relating to qualifying assets for which the commencement date for capitalisation is on or after 1 October 2009, the Group capitalises borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset as part of the cost of that asset. Previously the Group immediately recognised all borrowing costs as an expense. This change in accounting policy was due to the adoption of NZ IAS 23 *Borrowing Costs (2007)*. In accordance with the transitional provisions of the standard comparative figures have not been restated. The change in accounting policy had no impact on earnings per share.

Note 3 – Significant Accounting Policies

The accounting policies set out below have been applied consistently to all periods presented in these Financial Statements, and have been applied consistently by Group entities, except as disclosed in note 2 (e), which addresses changes in accounting policies.

Certain comparative amounts have been reclassified to conform with the current year's presentation.

(a) Basis of consolidation

(i) Subsidiaries

Subsidiaries are entities controlled by the Group. The Financial Statements of subsidiaries are included in the consolidated Financial Statements from the date that control commences until the date that control ceases. The consolidated Financial Statements include all subsidiary companies using the acquisition method of consolidation. All inter-company transactions are eliminated on consolidation.

(ii) Associates and joint ventures (equity accounted investees)

Associates are those entities in which the Group has significant influence, but not control, over the financial and operating policies. Associates are accounted for using the equity method (equity accounted investees). The consolidated Financial Statements include the Group's share of the income and expenses of equity accounted investees, after adjustments to align the accounting policies with those of the Group, from the date that significant influence commences until the date it ceases. If the Group's share of losses exceeds its interest in an equity accounted investee, the carrying amount of that interest (including any long-term investments) is reduced to nil and the recognition of further losses is discontinued except to the extent that the Group has an obligation or has made payments on behalf of the investee. Unrealised gains arising from transactions with equity accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

(iii) Acquisitions or disposals during the year

Where an entity becomes or ceases to be part of the Group during the year, the results of the entity are included in the consolidated results from the date that control or significant influence commenced or until the date that control or significant influence ceased. When an entity is acquired all identifiable assets and liabilities are recognised at their fair value at acquisition date. The fair value does not take into consideration any future intentions by the Group. Where an entity that is part of the Group is disposed of, the gain or loss recognised in the Income Statement is calculated as the difference between the sale price less costs to sell and the carrying amount of the related group of assets and any related goodwill.

Notes to the Financial Statements

for the year ended 30 September 2010

Note 3 – Significant Accounting Policies (continued)

(b) Foreign currency

(i) Foreign currency transactions

Foreign currency transactions are translated to New Zealand currency at the exchange rates ruling at the dates of the transactions. At balance date foreign currency monetary assets and liabilities are translated at the closing rate. The exchange variations arising from these translations are recognised in the Income Statement.

(ii) Foreign operations

Foreign operations are entities within the Group the activities of which are based in a country other than New Zealand or which are conducted in a currency other than NZD. The assets and liabilities of foreign operations are translated into the presentation currency of the Company (NZD) at the balance date closing rate, while revenue and expenses are translated at rates approximating the exchange rate ruling at the date of the transaction. Exchange variations are taken directly to the foreign currency translation reserve (FCTR).

(c) Derivative financial instruments

The Company uses derivative financial instruments including foreign exchange forward contracts, foreign currency options and interest rate swaps to manage exposure to foreign exchange and interest rate risks. In accordance with its treasury policy, the Group does not hold or issue derivative financial instruments for trading purposes. However, derivatives that do not qualify for hedge accounting are accounted for as trading instruments.

Derivative financial instruments are recognised initially at fair value and transaction costs are expensed immediately. Subsequent to initial recognition, derivative financial instruments are stated at fair value. The gain or loss on re-measurement to fair value is recognised immediately in the Income Statement, except that where derivatives qualify for hedge accounting, recognition of any resultant gain or loss depends on the nature of the hedging relationship. Changes in the fair value of the derivative hedging instrument designated as a cash flow hedge are recognised directly in other comprehensive income to the extent that the hedge is effective. To the extent that the hedge is ineffective, changes in fair value is recognised in the Income Statement.

If the hedging instrument no longer meets the criteria for hedge accounting, expires or is sold, terminated or exercised, then hedge accounting is discontinued prospectively. The cumulative gain or loss previously recognised in other comprehensive income remains there until the forecast transaction occurs.

(d) Fish quota and marine farm licences

Purchased fish quota is carried at cost. Quota and licences which are initially recognised on the basis of previous permits or catch history or when purchased through business combinations are initially valued at fair value on allocation. Fair value is determined by reference to Crown tender prices and market prices available close to the time of the acquisition. This became the deemed cost upon the adoption of NZ IFRS.

Marine farm licences are recorded at cost.

Marine farm licences and quota which have indefinite useful lives are not amortised but are tested annually for impairment at balance date. Quota has no expiry date and is therefore deemed to have an indefinite useful life. Marine farm licences have indefinite useful lives as it is highly probable that they are renewed and the costs of renewal are minimal.

(e) Research and development

Expenditure on research activities, undertaken with the prospect of gaining new scientific or technical knowledge, is recognised in the Income Statement as an expense as incurred. Expenditure on development activities, whereby research findings are applied to a plan or design for the production of new or substantially improved products or processes, is capitalised if the product or process is technically and commercially feasible and the Group has sufficient resources to complete development. Other development expenditure is recognised in the Income Statement as an expense as incurred.

Notes to the Financial Statements

for the year ended 30 September 2010

Note 3 – Significant Accounting Policies (continued)

(f) Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses. Cost includes expenditures that are directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the asset to a working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located. The Group capitalises borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset as part of the cost of that asset.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

(ii) Subsequent costs

The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group and its cost can be measured reliably. The costs of the day-to-day servicing of property, plant and equipment are recognised in the Income Statement as incurred.

(iii) Depreciation

Depreciation is calculated using straight-line rates to write off the cost of property, plant and equipment over their estimated useful lives. Depreciation methods, useful lives and residual values are reassessed at balance date. Leased assets are depreciated over the shorter of the lease term and their estimated useful lives. Land is not depreciated. Estimated useful lives are as follows:

	2010	2009
	Years	Years
Buildings (freehold and leasehold)	25	25
Fishing vessels:		
Hulls	20-30	20-30
Engines	12-15	12-15
Electronic equipment	3-4	3-4
Machinery and plant	7-10	7-10
Motor vehicles	5	5
Office fixtures and fittings	5-7	5-7
Marine farm assets	5-15	5-15

(g) Inventories

Inventories are measured at the lower of cost and net realisable value. The estimated costs of marketing, selling and distribution are deducted in calculating net realisable value.

Cost is based on the weighted average cost principle and includes expenditure incurred in acquiring the inventory and bringing it to its existing condition and location. In the case of processed inventories and work in progress, cost includes an appropriate share of overheads. Fixed overheads are allocated on the basis of normal operating capacity. The cost of items transferred from biological assets is their fair value less costs to sell at the date of transfer.

Notes to the Financial Statements

for the year ended 30 September 2010

Note 3 – Significant Accounting Policies (continued)

(h) Biological assets

Biological assets are measured at fair value less costs to sell, with any change therein recognised in the Income Statement. The fair value is determined with reference to the present value of the expected cash flows using anticipated harvest volumes, market prices and the costs of cultivation until sold. Costs to sell include all costs that would be necessary to sell the assets. Biological assets are transferred to inventories at the date of harvest.

(i) Impairment

(i) Non-financial assets

The carrying amounts of the Group's non-financial assets other than inventories, biological assets and deferred tax assets are reviewed at each reporting date to determine whether there is any indication of impairment. An impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount. If it is not possible to estimate the recoverable amount of the individual asset, the Group determines the recoverable amount of the cash generating unit to which the asset belongs. Impairment losses directly reduce the carrying amount of assets and are recognised in the Income Statement. For intangible assets that have indefinite lives, recoverable amount is estimated at each reporting date.

(ii) Non-derivative financial assets

Trade and other receivables

Impairment losses of trade and other receivables that are individually significant are determined by an evaluation of the exposures on a line by line basis. For trade and other receivables which are not significant on an individual basis, collective impairment is assessed on a portfolio basis based on numbers of days overdue, and taking into account the historical loss experience in portfolios with a similar number of days overdue.

Investments in equity securities

Equity instruments are deemed to be impaired whenever there is a significant or prolonged decline in fair value below the original purchase price. For this purpose prolonged is regarded as any period longer than nine months and significant as more than 20% of the original purchase price of the equity instrument.

Any subsequent recovery of an impairment loss in respect of an investment in an equity instrument classified as available for sale is not reversed through the Income Statement but taken to equity through other comprehensive income.

(j) Trade and other receivables

Short term trade and other receivables are not discounted and are stated at cost less impairment losses. Long term receivables are stated at their amortised cost less impairment losses.

(k) Investments in equity securities

Investments in equity securities held by the Group are classified as available-for-sale and carried at their fair value with fair value changes recognised in other comprehensive income. The fair value is their quoted bid price at the balance sheet date. Where the fair value of equity investments cannot be reliably determined then the investments are recorded at cost.

(l) Investments in subsidiaries

Investments in subsidiaries and receivables (payables) in respect of subsidiaries are stated at cost in the separate Financial Statements of the Company.

Notes to the Financial Statements

for the year ended 30 September 2010

Note 3 – Significant Accounting Policies (continued)

(m) Income tax

Income tax expense comprises current and deferred tax. Income tax expense is recognised in the Income Statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in other comprehensive income.

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

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for the following temporary differences; the initial recognition of goodwill, the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit, and differences relating to investments in subsidiaries and jointly controlled entities to the extent that they probably will not reverse in the foreseeable future. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted at the balance date.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised.

(n) Cash and cash equivalents

For the purpose of the Statement of Cash Flow, cash comprises cash balances and demand deposits. Bank overdrafts are included to the extent they are repayable on demand and form an integral part of the Group's cash management.

(o) Bank loans

Bank loans are recognised initially at fair value less directly attributed transaction costs. Subsequent to initial recognition interest-bearing borrowings are measured at amortised cost applying the effective interest method.

(p) Revenue

Revenue from the sale of goods is measured at the fair value of the consideration received and is recognised in the Income Statement when the significant risks and rewards of ownership have been transferred to the buyer.

(q) Finance income and expenses

Finance income comprises interest income on funds invested, dividend income, foreign currency gains, and gains on derivative instruments that are recognised in the Income Statement. Interest income is recognised as it accrues, using the effective interest method. Dividend income is recognised on the date that the Group's right to receive payment is established, which in the case of quoted securities is the ex-dividend date.

Finance expenses comprise interest expense on borrowings, foreign currency losses, impairment losses recognised on financial assets (except for trade receivables), losses on the disposal of available-for-sale financial assets, and losses on derivative instruments that are recognised in the Income Statement. All borrowing costs are recognised in the Income Statement using the effective interest method with the exception of borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset which are capitalised as part of the cost of that asset.

(r) Trade creditors and other payables

Trade creditors and other payables are stated at cost.

(s) Provisions

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as a finance cost.

Notes to the Financial Statements

for the year ended 30 September 2010

Note 3 – Significant Accounting Policies (continued)

(t) Employee benefits

(i) Defined contribution plans

Certain employees are members of defined contribution pension plans and the Group contributes to those plans. Obligations for contributions to defined contribution pension plans are recognised as an expense in the Income Statement when they are due.

(ii) Long service leave

The Group's net obligation in respect of long service leave is the amount of future benefit that employees have earned in return for their service in the current and prior periods. The obligation is calculated using an actuarial technique. Changes in long service leave provision are recognised in the Income Statement.

(iii) Short-term benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

(u) Segment reporting

An operating segment is a distinguishable component of the Group whose operating results are regularly reviewed by the Group's chief operating decision maker in order to assess performance and make decisions about resources to be allocated to the segment. The Group's primary format for segment reporting is based on geographical segments.

(v) New standards and interpretations not yet adopted

A number of new standards and interpretations are not yet effective for the year ended 30 September 2010, and have not been applied in preparing these consolidated Financial Statements.

The Company does not consider any of the accounting standards or interpretations on issue but not yet effective to have a significant impact on its financial statements, except for NZ IFRS 9 *Financial Instruments*, which becomes mandatory for the Group's 2014 consolidated financial statements and could change the classification and measurement of financial assets and liabilities. The Group does not plan to adopt this standard early and the extent of the impact has not been determined.

Notes to the Financial Statements

for the year ended 30 September 2010

Note 4 – Segment Reporting

NZ IFRS 8: *Operating Segments* has replaced NZ IAS 14: *Segment Reporting* and it requires a 'management approach' under which segment information is presented on the same basis as that used for internal reporting purposes. Operating segments are reported in a manner consistent with the internal reports provided to the chief operating decision maker. The chief operating decision maker has been identified as the Managing Director who reviews the Group's internal reporting in order to assess performance and to allocate funding and resources. Management has determined the operating segments based on these reports.

The Group operates in two segments, New Zealand Seafood and Australia Seafood.

The Group operates in the one-industry segment, harvesting, processing and selling seafood products.

(a) Income and expenditure

	New Zealand		Australia		Eliminations		Total	
	2010	2009	2010	2009	2010	2009	2010	2009
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Total external revenues	377,456	373,575	43,631	59,516	–	–	421,087	433,091
Inter-segment revenue	1,315	3,899	–	–	(1,315)	(3,899)	–	–
Segment revenue	378,771	377,474	43,631	59,516	(1,315)	(3,899)	421,087	433,091
Segment profit for the year	25,546	37,879	471	997	50	53	26,067	38,929
Share of profit of equity accounted investees							(1,042)	210
Profit for the year							25,025	39,139

(b) Revenue by geographical location of customers

	2010	2009
	\$000	\$000
New Zealand	61,813	58,601
Australia	82,905	98,689
Europe	51,220	65,740
North America	69,318	61,520
Japan	32,025	31,068
China/Hong Kong	25,879	27,507
Korea	48,286	31,088
Other Asia	19,434	9,661
Other	30,207	49,217
Revenue	421,087	433,091

Notes to the Financial Statements

for the year ended 30 September 2010

Note 4 – Segment Reporting (continued)

(c) Assets and liabilities

	New Zealand		Australia		Total	
	2010	2009	2010	2009	2010	2009
	\$000	\$000	\$000	\$000	\$000	\$000
Segment assets	681,900	684,936	26,529	23,294	708,429	708,230
Investment in equity accounted investees	10,866	12,659	–	–	10,866	12,659
Total assets	692,766	697,595	26,529	23,294	719,295	720,889
Segment liabilities	138,440	146,667	28,653	25,701	167,093	172,368
Total liabilities	138,440	146,667	28,653	25,701	167,093	172,368
Capital expenditure	7,715	58,723	768	46	8,483	58,769
Depreciation	13,433	13,321	321	189	13,754	13,510
Impairment after tax (intangible assets and property, plant and equipment)	–	342	–	230	–	572

Note 5 – Revenue

	Group		Parent	
	2010	2009	2010	2009
	\$000	\$000	\$000	\$000
Sale of goods	421,087	433,091	368,445	368,982
Revenue	421,087	433,091	368,445	368,982

Note 6 – Other Income

	Note	Group		Parent	
		2010	2009	2010	2009
		\$000	\$000	\$000	\$000
New Zealand units income	11	3,417	–	3,417	–
Commissions received		2,929	3,287	277	480
Net gain (loss) on sale of property, plant and equipment and investments		409	(35)	476	(35)
Sundry income		1,803	1,966	863	1,204
		8,558	5,218	5,033	1,649

Notes to the Financial Statements

for the year ended 30 September 2010

Note 7 – Expenses	Note	Group		Parent	
		2010	2009	2010	2009
		\$000	\$000	\$000	\$000
(a) Administrative and other expenses					
Directors' fees		316	316	316	316
Donations		40	66	38	33
Audit fees – KPMG		152	147	105	104
KPMG fees for other services – Accounting services		–	2	–	–
Leasing charges		2,725	2,696	2,226	2,263
Doubtful debts – Written off		15	199	15	17
– Increase (decrease) in doubtful debts provision		157	(124)	–	–
Impairment of property, plant and equipment	10	–	718	–	488
(b) Personnel expenses					
Wages and salaries		84,498	81,003	80,888	77,518
(c) Movement in biological assets					
Change in fair value of biological assets (increase) decrease	12	(1,086)	1,553	(1,086)	1,553

Note 8 – Finance Income and Expenses	Group		Parent	
	2010	2009	2010	2009
	\$000	\$000	\$000	\$000
Finance income				
Interest income on bank deposits	466	896	649	1,075
Dividends	94	298	790	666
Net foreign exchange gain	7,836	8,387	8,134	8,503
	8,396	9,581	9,573	10,244
Finance expenses				
Interest rate swaps fair value movement	337	282	337	282
Interest expense on term loan and bank overdraft	5,909	7,402	5,909	7,402
High Liner Foods Incorporated investment fair value movement	–	664	–	–
	6,246	8,348	6,246	7,684
Net finance income	2,150	1,233	3,327	2,560

Notes to the Financial Statements

for the year ended 30 September 2010

	Note	Group		Parent	
		2010	2009	2010	2009
		\$000	\$000	\$000	\$000
Note 9 – Income Tax Expense					
(a) Income tax expense					
Current period					
Adjustment for prior periods		9,358	15,960	9,423	15,487
		(743)	306	(739)	306
		8,615	16,266	8,684	15,793
Deferred tax expense					
Origination and reversal of temporary differences		1,909	684	1,309	877
Adjustments for prior periods		677	(1,051)	669	(639)
Reduction in tax rate		(449)	–	(449)	–
Effect of buildings no longer depreciable		1,991	–	1,991	–
		12,743	15,899	12,204	16,031
(b) Reconciliation of effective tax rate					
Profit for the year		25,025	39,139	26,491	38,195
Income tax expense		12,743	15,899	12,204	16,031
		37,768	55,038	38,695	54,226
Tax at current rate of 30%					
Non-deductible expenses		11,330	16,511	11,609	16,268
Non-taxable New Zealand units income	11	235	96	235	96
Non-taxable income – other		(1,025)	–	(1,025)	–
Utilisation of tax losses previously unrecognised		(107)	(89)	(86)	–
Over provided in prior periods		(169)	(347)	–	–
Effect of future change in tax rate		(66)	(745)	(70)	(333)
Effect of buildings no longer depreciable		(449)	–	(450)	–
Other		1,991	–	1,991	–
		1,003	473	–	–
		1,413	(612)	595	(237)
		12,743	15,899	12,204	16,031
(c) Imputation credit account					
Balance at beginning of year		63,008	55,303		
Tax payments		8,833	17,907		
Imputation credits attached to dividends received		250	220		
Imputation credits attached to dividends paid		(9,815)	(10,422)		
		62,276	63,008		

The Group imputation credits are available to be attached to dividends paid by the parent Company.

Notes to the Financial Statements

for the year ended 30 September 2010

Note 10 – Property, Plant and Equipment

	Land	Freehold Buildings	Leasehold Buildings	Fishing Vessels	Plant and Equipment	Total
	\$000	\$000	\$000	\$000	\$000	\$000
Group 2010						
Cost						
Balance at beginning of year	1,742	11,098	39,798	159,456	92,681	304,775
Additions	–	362	29	1,439	6,649	8,479
Disposals	(8)	(39)	(285)	(2,552)	(1,493)	(4,377)
Effect of movements in exchange rates	9	20	–	24	18	71
Balance at end of year	1,743	11,441	39,542	158,367	97,855	308,948
Accumulated depreciation and impairment						
Balance at beginning of year	(85)	(7,005)	(18,021)	(104,325)	(62,144)	(191,580)
Depreciation	–	(425)	(1,461)	(6,598)	(5,270)	(13,754)
Disposals	–	33	268	2,280	1,490	4,071
Balance at end of year	(85)	(7,397)	(19,214)	(108,643)	(65,924)	(201,263)
Net book value at 30 September 2010	1,658	4,044	20,328	49,724	31,931	107,685
Group 2009						
Cost						
Balance at beginning of year	1,738	10,850	39,249	150,490	82,980	285,307
Additions	–	240	744	9,913	10,414	21,311
Disposals	–	–	(195)	(953)	(724)	(1,872)
Effect of movements in exchange rates	4	8	–	6	11	29
Balance at end of year	1,742	11,098	39,798	159,456	92,681	304,775
Accumulated depreciation and impairment						
Balance at beginning of year	–	(6,524)	(16,571)	(97,623)	(57,829)	(178,547)
Depreciation	–	(336)	(1,450)	(7,064)	(4,660)	(13,510)
Impairment	(85)	(145)	–	(488)	–	(718)
Disposals	–	–	–	850	345	1,195
Balance at end of year	(85)	(7,005)	(18,021)	(104,325)	(62,144)	(191,580)
Net book value at 30 September 2009	1,657	4,093	21,777	55,131	30,537	113,195



SANFORD LIMITED
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Notes to the Financial Statements

for the year ended 30 September 2010

Note 10 – Property, Plant and Equipment (continued)

	Land	Freehold Buildings	Leasehold Buildings	Fishing Vessels	Plant and Equipment	Total
	\$000	\$000	\$000	\$000	\$000	\$000
Parent 2010						
Cost						
Balance at beginning of year	1,550	10,671	39,798	158,158	89,168	299,345
Additions	–	362	29	1,439	5,853	7,683
Disposals	(8)	(39)	(285)	(2,552)	(1,493)	(4,377)
Balance at end of year	1,542	10,994	39,542	157,045	93,528	302,651
Accumulated depreciation and impairment						
Balance at beginning of year	–	(6,909)	(17,949)	(101,561)	(59,310)	(185,729)
Depreciation	–	(413)	(1,461)	(6,540)	(4,912)	(13,326)
Disposals	–	33	268	2,280	1,491	4,072
Balance at end of year	–	(7,289)	(19,142)	(105,821)	(62,731)	(194,983)
Net book value at 30 September 2010	1,542	3,705	20,400	51,224	30,797	107,668
Parent 2009						
Cost						
Balance at beginning of year	1,550	10,431	39,249	149,198	79,184	279,612
Additions	–	240	744	9,913	10,348	21,245
Disposals	–	–	(195)	(953)	(364)	(1,512)
Balance at end of year	1,550	10,671	39,798	158,158	89,168	299,345
Accumulated depreciation and impairment						
Balance at beginning of year	–	(6,495)	(16,499)	(94,752)	(55,513)	(173,259)
Depreciation	–	(414)	(1,450)	(7,171)	(4,131)	(13,166)
Impairment	–	–	–	(488)	–	(488)
Disposals	–	–	–	850	334	1,184
Balance at end of year	–	(6,909)	(17,949)	(101,561)	(59,310)	(185,729)
Net book value at 30 September 2009	1,550	3,762	21,849	56,597	29,858	113,616

Impairment losses

In 2009 two fishing vessels were written down from book value to their expected sales values. This resulted in a charge of \$0.488m before tax.

A property in Australia was written down from book value to expected sales value, resulting in a charge of \$0.230m before tax (NZD).

Reassessment of useful lives

As a result of a reassessment in the 2009 financial year, useful lives for some classes of assets were adjusted resulting in an estimated decrease of \$1.5m in depreciation for the 2009 year and an increase in net profit before and after tax by the same amount.

Notes to the Financial Statements

for the year ended 30 September 2010

Note 11 – Intangible Assets

	NZ Units – Emissions Trading Scheme	Fishing Quota	Marine Farm Licences	Total
	\$000	\$000	\$000	\$000
Group 2010				
Carrying amount				
Balance at beginning of year	–	416,194	37,370	453,564
Acquisitions	3,417	4	–	3,421
Effect of movements in exchange rates	–	1,282	–	1,282
Carrying amount at 30 September 2010	3,417	417,480	37,370	458,267
Non-current	–	417,480	37,370	454,850
Current	3,417	–	–	3,417
	3,417	417,480	37,370	458,267
Group 2009				
Carrying amount				
Balance at beginning of year	–	398,031	20,568	418,599
Acquisitions	–	20,656	16,802	37,458
Effect of movements in exchange rates	–	338	–	338
Balance at end of year	–	419,025	37,370	456,395
Impairment				
Balance at beginning of year	–	(2,831)	–	(2,831)
Impairment	–	–	–	–
Balance at end of year	–	(2,831)	–	(2,831)
Carrying amount at 30 September 2009	–	416,194	37,370	453,564
Non-current	–	416,194	37,370	453,564
Current	–	–	–	–
	–	416,194	37,370	453,564

New Zealand units (Emissions Trading Scheme)

In September 2010 the Company was allocated 170,850 New Zealand units under the Emissions Trading Scheme based on the Company's fishing quota holdings as at 24 September 2009. The units were received and taken to the income statement at a fair value of \$20 per unit, approximately the market price for units on 30 September 2010. The units have been classified as a current asset.

Cash generating units

The table below outlines the allocations of intangible assets with indefinite useful lives to cash generating units:

	NZ Units – Emissions Trading Scheme	Fishing Quota	Marine Farm Licences	Total
	\$000	\$000	\$000	\$000
New Zealand Seafood	3,417	399,793	37,370	440,580
Australia Seafood	–	17,687	–	17,687
	3,417	417,480	37,370	458,267

Notes to the Financial Statements

for the year ended 30 September 2010

Note 11 – Intangible Assets (continued)

Impairment testing

Impairment testing was performed on the applicable New Zealand cash generating unit (CGU) to determine whether fishing quota and marine farm licences were impaired using a discounted cash flow model based on value-in-use. Post-tax discount rates of between 8% and 8.9% were applied. Future cash flows were projected for 5 years and terminal growth rates of between 3% and 3.5% were applied. Key assumptions on EBITDA and capital expenditure were based on actual results and Board approved business plans. The forecast for purposes of valuation are sensitive to changes in foreign exchange rates, projected operating earnings and cash flows in the terminal year.

The Australian CGU applied similar assumptions to those stated above.

The recoverable amount of the CGUs exceeded the carrying value of the net assets of the CGUs. Therefore management has determined that no impairment to fishing quota and marine farm licences has occurred.

	NZ Units – Emissions Trading Scheme	Fishing Quota	Marine Farm Licences	Total
	\$000	\$000	\$000	\$000
Parent 2010				
Carrying amount				
Balance at beginning of year	–	399,780	37,370	437,150
Acquisitions	3,417	4	–	3,421
Carrying amount at 30 September 2010	3,417	399,784	37,370	440,571
Non-current	–	399,784	37,370	437,154
Current	3,417	–	–	3,417
	3,417	399,784	37,370	440,571
Parent 2009				
Carrying amount				
Balance at beginning of year	–	379,124	20,568	399,692
Acquisitions	–	20,656	16,802	37,458
Carrying amount at 30 September 2009	–	399,780	37,370	437,150
Non-current	–	399,780	37,370	437,150
Current	–	–	–	–
	–	399,780	37,370	437,150

Notes to the Financial Statements

for the year ended 30 September 2010

Note 12 – Biological Assets

	Mussels	Oysters	Salmon	Total
	\$000	\$000	\$000	\$000
Group and Parent 2010				
Balance at beginning of year	7,252	608	4,089	11,949
Change in fair value less estimated costs to sell	9,738	763	4,874	15,375
Increase due to acquisitions	266	–	–	266
Harvested produce transferred to inventories	(9,816)	(976)	(3,497)	(14,289)
Balance at 30 September 2010	7,440	395	5,466	13,301
Non-current	3,657	–	3,073	6,730
Current	3,783	395	2,393	6,571
	7,440	395	5,466	13,301
Group and Parent 2009				
Balance at beginning of year	5,844	730	4,628	11,202
Change in fair value less estimated costs to sell	11,424	472	3,291	15,187
Increase due to acquisitions	2,300	–	–	2,300
Harvested produce transferred to inventories	(12,316)	(594)	(3,830)	(16,740)
Balance at 30 September 2009	7,252	608	4,089	11,949
Non-current	3,720	–	1,854	5,574
Current	3,532	608	2,235	6,375
	7,252	608	4,089	11,949

The Company is exposed to a number of risks relating to its growing of salmon, mussels and oyster stocks. These include storms, marine predators, toxic algae blooms and other contamination of the water space. The Company has extensive processes in place to monitor and mitigate these risks including insurance, regular inspection of the growing areas and contingency plans in the event of an adverse climatic event.

Note 13 – Equity Accounted Investees

	Group	
	2010	2009
	\$000	\$000
(a) Summary financial information for equity accounted investees, not adjusted for the percentage ownership held by the Group:		
Current assets	11,749	10,641
Non-current assets	46,623	25,601
Total assets	58,372	36,242
Current liabilities	6,282	5,861
Non-current liabilities	23,813	936
Total liabilities	30,095	6,797
Revenue	33,733	39,150
Expenses	(38,115)	(38,773)
Profit (loss)	(4,382)	377
(b) Movements in carrying value of equity accounted investees:		
Balance at beginning of year	12,659	10,866
Share of profit	(1,042)	210
Dividends from associates	(767)	(643)
Acquisitions	–	2,226
Other	16	–
Balance at end of year	10,866	12,659

In 2009 the Company purchased a further 10% of the shares in Weihai Dong Won Food Company Limited for US\$1m.



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Notes to the Financial Statements

for the year ended 30 September 2010

Note 14 – Other Investments

	Group		Parent	
	2010	2009	2010	2009
	\$000	\$000	\$000	\$000
Shares in other companies	115	8,660	30	35
Shares in subsidiaries	–	–	41,238	41,238
Shares in associates at cost	–	–	10,048	10,048
	115	8,660	51,316	51,321

In December 2009 the Company sold all of its ordinary and preference shares in High Liner Foods Incorporated for NZ\$8.1m.

A loss on sale of NZ\$0.1m (2009: nil) has been recognised in the income statement in other expenses.

Note 15 – Deferred Taxation

	Group		Parent	
	2010	2009	2010	2009
	\$000	\$000	\$000	\$000
(a) Unrecognised deferred tax assets				
Net tax losses – Australia	2,292	2,209	–	–

Deferred tax assets have not been recognised in respect of these items because it is not probable that future taxable profit will be available against which the Group can utilise the benefits. There is no expiry time for the use of these tax losses.

(b) Recognised deferred tax assets and liabilities

	Assets		Liabilities		Net	
	2010	2009	2010	2009	2010	2009
	\$000	\$000	\$000	\$000	\$000	\$000
Group						
Property, plant and equipment	–	–	(5,254)	(2,384)	(5,254)	(2,384)
Investments	–	607	–	–	–	607
Intangible assets	–	–	(2,961)	(2,567)	(2,961)	(2,567)
Trade debtors	43	43	–	–	43	43
Term receivable	–	15	(21)	–	(21)	15
Derivative financial instruments	–	–	(1,166)	(1,763)	(1,166)	(1,763)
Other debtors and prepayments	–	–	(22)	(22)	(22)	(22)
Biological assets	–	–	(2,272)	(2,358)	(2,272)	(2,358)
Other liabilities	3,583	3,889	–	–	3,583	3,889
Deferred tax assets (liabilities)	3,626	4,554	(11,696)	(9,094)	(8,070)	(4,540)
Parent						
Property, plant and equipment	–	–	(5,055)	(2,185)	(5,055)	(2,185)
Intangible assets	–	–	(2,961)	(2,567)	(2,961)	(2,567)
Term receivable	–	15	(21)	–	(21)	15
Derivative financial instruments	–	–	(1,166)	(1,763)	(1,166)	(1,763)
Biological assets	–	–	(2,272)	(2,358)	(2,272)	(2,358)
Other liabilities	3,450	3,755	–	–	3,450	3,755
Deferred tax assets (liabilities)	3,450	3,770	(11,475)	(8,873)	(8,025)	(5,103)

Notes to the Financial Statements

for the year ended 30 September 2010

Note 15 – Deferred Taxation (continued)

(c) Movement in temporary differences during the year

Group 2010

	Balance 30 Sept 2009	Recognised in Income Statement	Recognised in Other Comprehensive Income	Balance 30 Sept 2010
	\$000	\$000	\$000	\$000
Property, plant and equipment	(2,384)	(2,870)	–	(5,254)
Investments	607	(607)	–	–
Intangible assets	(2,567)	(394)	–	(2,961)
Trade debtors	43	–	–	43
Term receivable	15	(36)	–	(21)
Derivative financial instruments	(1,763)	–	597	(1,166)
Other debtors and prepayments	(22)	–	–	(22)
Biological assets	(2,358)	86	–	(2,272)
Other liabilities	3,889	(306)	–	3,583
Net deferred tax asset (liability)	(4,540)	(4,127)	597	(8,070)

Group 2009

Property, plant and equipment	(2,409)	25	–	(2,384)
Investments	–	607	–	607
Intangible assets	(2,526)	(41)	–	(2,567)
Trade debtors	43	–	–	43
Term receivable	–	15	–	15
Derivative financial instruments	–	–	(1,763)	(1,763)
Other debtors and prepayments	(22)	–	–	(22)
Biological assets	(1,972)	(386)	–	(2,358)
Trade creditors	(49)	49	–	–
Other liabilities	3,791	98	–	3,889
Net deferred tax asset (liability)	(3,144)	367	(1,763)	(4,540)

Parent 2010

Property, plant and equipment	(2,185)	(2,870)	–	(5,055)
Intangible assets	(2,567)	(394)	–	(2,961)
Term receivable	15	(36)	–	(21)
Derivative financial instruments	(1,763)	–	597	(1,166)
Biological assets	(2,358)	86	–	(2,272)
Other liabilities	3,755	(305)	–	3,450
Net deferred tax asset (liability)	(5,103)	(3,519)	597	(8,025)

Parent 2009

Property, plant and equipment	(2,207)	22	–	(2,185)
Intangible assets	(2,526)	(41)	–	(2,567)
Term receivable	–	15	–	15
Derivative financial instruments	–	–	(1,763)	(1,763)
Biological assets	(1,972)	(386)	–	(2,358)
Trade creditors	(49)	49	–	–
Other liabilities	3,653	102	–	3,755
Net deferred tax asset (liability)	(3,101)	(239)	(1,763)	(5,103)

Deferred tax expense recognised in other comprehensive income relates to tax on the effective portion of the change in fair value of cash flow hedges.



SANFORD LIMITED
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Notes to the Financial Statements

for the year ended 30 September 2010

Note 16 – Inventories

	Group		Parent	
	2010	2009	2010	2009
	\$000	\$000	\$000	\$000
Fish	38,835	44,180	38,385	43,843
Packaging, fishing gear, fuel and stores	6,738	5,801	6,731	5,783
	45,573	49,981	45,116	49,626

Note 17 – Trade Debtors

	Group		Parent	
	2010	2009	2010	2009
	\$000	\$000	\$000	\$000
Trade debtors	54,294	41,253	49,021	37,567
Trade debtors due from related parties	–	–	228	98
	54,294	41,253	49,249	37,665

Note 18 – Cash and Cash Equivalents

	Group		Parent	
	2010	2009	2010	2009
	\$000	\$000	\$000	\$000
Cash on hand and at bank	10,242	4,003	8,533	2,657
Bank overdraft and borrowings	(5,824)	(33,886)	(5,000)	(33,197)
	4,418	(29,883)	3,533	(30,540)

Interest rates applicable on call deposits range from 0% – 3.0% (2009: 0% to 5.0%).

Interest rates applicable on the bank overdraft and borrowings range from 3.32% to 4.75% (2009: 4.28% to 8.43%).

Notes to the Financial Statements

for the year ended 30 September 2010

Note 19 – Capital and Reserves

(a) Translation reserve

The translation reserve comprises all foreign currency differences arising from the translation of the financial statements of foreign operations as well as from the translation of liabilities that hedge the Company's net investment in a foreign subsidiary.

(b) Cash flow hedge reserve

The reserve comprises the effective portion of changes in the fair value of derivative contracts for highly probable forecast sales.

(c) Share capital

	Ordinary Shares	
	2010	2009
	No. of Shares	No. of Shares
On issue at beginning and end of year	93,626,735	93,626,735

All issued shares are fully paid and have no par value. The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All shares rank equally with regard to the Company's residual assets. In respect of the Company's shares that are held by the Group, all rights are suspended until those shares are reissued.

(d) Employee share purchase scheme

In 2000 the Company established a share purchase scheme to assist employees in becoming shareholders in the Company. The scheme expired on 1 October 2009 and shares were transferred to participating employees by Sanford Investments Limited which was the trustee of the scheme. A trust deed dated 6 December 2000 governed the operation of the scheme. Employees nominated were entitled to participate in the scheme. In 2000, 348,000 ordinary shares were issued to employees at \$4.35 per share. The amount of \$1.51m advanced to the trustee to purchase the shares was interest free. As a result of the expiration of the scheme the amount remaining to be paid at 30 September 2010 is nil (2009: \$0.41m).

Note 20 – Dividends

	2010	2009
	\$000	\$000
The following dividends were declared and paid by the Group for the year ended 30 September: \$0.23 per ordinary share (2009: \$0.23)	21,534	21,534

On 24 November 2010 the Directors proposed a final dividend of 14 cents per share to be paid on 15 December 2010. This dividend has not been provided for in the accounts at 30 September 2010.

Notes to the Financial Statements

for the year ended 30 September 2010

Note 21 – Earnings per Share

(a) Basic earnings per share

The calculation of basic earnings per share at 30 September 2010 was based on the profit attributable to ordinary shareholders of \$25.004m (2009: \$39.075m) and a weighted average number of ordinary shares outstanding of 93,626,735 (2009: 93,626,735).

(b) Profit attributable to ordinary shareholders

	2010	2009
	\$000	\$000
Net profit attributable to ordinary shareholders	25,004	39,075

Diluted earnings per share is not separately disclosed as no dilutive instruments have been issued.

Note 22 – Financial Instruments

Exposure to credit, interest rate, foreign currency, equity price and liquidity risks arises in the normal course of the Group's business. Derivatives may be used as a means of reducing exposure to fluctuations in foreign exchange rates. While these instruments are subject to the risk of market rates changing subsequent to acquisition, such changes would generally be offset by opposite effects on the items being hedged, sales and investments.

The Group manages commodity price risks through negotiated supply contracts and forward physical contracts. However, these contracts are for the purpose of the receipt in accordance with the Group's expected usage requirements only and are not accounted for as financial instruments.

(a) Credit risk

No collateral is required in respect of financial assets. Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Credit evaluations are performed on all customers requiring credit over a certain amount. Reputable financial institutions are used for investing and cash handling purposes.

At balance date there was one customer which comprised 27% of trade debtors. Since balance date and in accordance with agreed credit terms the customer has subsequently paid 47% of the outstanding balance. There are no concerns with the collectability of this debt.

The maximum exposure to credit risk is represented by the carrying value of each financial asset in the Balance Sheet.

(b) Liquidity risk

Liquidity risk represents the Group's ability to meet its contractual obligations. The Group evaluates its liquidity requirements on a daily basis. The Group generates sufficient cash flows from its operating activities to meet its obligations arising from its financial liabilities and has credit lines in place to cover potential shortfalls.

(c) Market risk

The Group enters into derivative arrangements in the ordinary course of business to manage foreign currency and interest rate risks. Senior management are involved in the operation and oversight of risk management and derivative activities. Regular reporting of the activities is provided to the Board of Directors which provides policy for the use of derivative instruments.

Notes to the Financial Statements

for the year ended 30 September 2010

Note 22 – Financial Instruments (continued)

(d) Currency risk

The Group incurs currency risk as a result of sales and investments that are denominated in foreign currencies. The currencies giving rise to currency risk in which the Group primarily deals are US Dollars, Australian Dollars and Japanese Yen. Group entities may hedge a proportion of trade debtors denominated in foreign currency. The Group also uses foreign currency (FX) contracts and options to hedge a portion of its forecast sales denominated in foreign currency up to two years forward. In the current period, the Group designated the highly probable forecast transactions and the foreign currency contracts into a cash flow hedge relationship. The fair value gains and losses on the forward exchange contracts and options were recognised in equity and transferred to profit or loss when the highly probable forecast transactions affected profit or loss.

As at 30 September 2010, forward exchange contracts and options designated in a hedge relationship had a fair value of \$4.813m (2009: \$9.968m).

The Group also takes out loans in foreign currencies to hedge investments in foreign currencies.

At balance date the Group has trade debtors of USD22.726m – NZD30.882m (2009: USD7.356m – NZD10.196m), AUD2.907m – NZD3.819m (2009: AUD3.428m – NZD4.177m), JPY40.464m – NZD0.658m (2009: JPY157.796m – NZD2.436m), GBP0.112m – NZD0.241m (2009: GBP0.219m – NZD0.487m), EUR 0.348m – NZD0.643m (2009: EUR0.155m – NZD0.315m), trade creditors of USD2.052m – NZD2.798m (2009: USD0.628m – NZD0.871m) and cash of USD0.234m – NZD0.318m (2009: USD1.396m – NZD1.935m), JPY23.417m – NZD0.381m (2009: JPY4.626m – NZD0.071m) and AUD0.163m – NZD0.214m (2009: nil) which are not hedged.

The Group does not have any other foreign currency monetary assets or monetary liabilities that are not hedged for the lesser of the next twelve months and the period until settlement.

(e) Interest rate risk

The Group is exposed to interest rate risk primarily through its cash balances, borrowings and term loans. The Group generally adopts a policy of ensuring that its exposure to changes in interest rates on short term borrowings is on a floating interest rate basis and its policy for long term loans is to hedge 25% to 75% by using interest rate swaps to hedge the floating rate debt. At balance date the Group has interest rate swaps of \$25m maturing in June 2013, \$10m maturing in August 2014 and \$15m maturing in August 2015 (2009: \$10m maturing in December 2009 and \$25m maturing in June 2010).

(f) Other market price risk

The Group is not exposed to substantial other market price risk arising from financial instruments other than equity price risk.

Equity price risk relates to available-for-sale equity securities held for meeting long-term obligations.

QUANTITATIVE DISCLOSURES

(g) Credit risk

The carrying amount of financial assets represents the Group's maximum credit exposure.

The Group has not renegotiated the terms of any financial assets which would result in the carrying amount no longer being past due or avoid a possible past due status.

The Group's maximum exposure to credit risk for trade and other receivables by geographic regions is as follows:

	Group	
	2010	2009
	\$000	\$000
New Zealand	15,488	16,558
Australia	10,122	9,677
Europe	11,121	8,153
North America	20,755	10,685
Japan	2,121	3,362
Other	6,141	3,020
Trade and other receivables	65,748	51,455

Notes to the Financial Statements

for the year ended 30 September 2010

Note 22 – Financial Instruments (continued)

The status of trade receivables at the reporting date is as follows:

	Gross Receivables	Impairment	Gross Receivables	Impairment
	2010	2010	2009	2009
	\$000	\$000	\$000	\$000
Not past due	45,463	–	34,606	–
Past due 0 – 30 days	7,058	–	5,327	–
Past due 31 – 120 days	829	–	1,310	–
Past due 121 – 365 days	813	(184)	34	(24)
Past due more than 1 year	315	–	–	–
	54,478	(184)	41,277	(24)

In summary, trade receivables are determined to be impaired as follows:

	2010	2009
	\$000	\$000
Gross trade receivables	54,478	41,277
Individual impairment	(184)	(24)
Trade receivables net	54,294	41,253

(h) Liquidity risk

The following table sets out the contractual and expected cash flows for all financial liabilities.

	Balance Sheet	Contractual Cash Flows	6 months or less	6–12 months	1–2 years	2–5 years
	\$000	\$000	\$000	\$000	\$000	\$000
Group 2010						
Bank loans	120,000	133,140	1,924	51,821	4,216	75,179
Trade creditors	13,053	13,053	13,053	–	–	–
Other payables	11,347	11,347	11,347	–	–	–
Bank overdraft	5,824	5,824	5,824	–	–	–
Total non-derivative liabilities	150,224	163,364	32,148	51,821	4,216	75,179
Interest rate swaps	708	1,069	(204)	(48)	391	930
Total derivative liabilities	708	1,069	(204)	(48)	391	930
Group 2009						
Bank loans	100,000	104,444	1,612	1,612	101,220	–
Trade creditors	9,500	9,500	9,500	–	–	–
Other payables	15,511	15,511	15,511	–	–	–
Bank overdraft	33,886	33,886	33,886	–	–	–
Total non-derivative liabilities	158,897	163,341	60,509	1,612	101,220	–
Interest rate swaps	371	394	289	105	–	–
Total derivative liabilities	371	394	289	105	–	–

Notes to the Financial Statements

for the year ended 30 September 2010

Note 22 – Financial Instruments (continued)

(h) Liquidity risk (continued)

	Balance Sheet	Contractual Cash Flows	6 months or less	6–12 months	1–2 years	2–5 years
	\$000	\$000	\$000	\$000	\$000	\$000
Parent 2010						
Bank loans	120,000	133,140	1,924	51,821	4,216	75,179
Trade creditors	11,811	11,811	–	–	–	–
Other payables	10,504	10,504	–	–	–	–
Bank overdraft	5,000	5,000	–	–	–	–
Total non-derivative liabilities	147,315	160,455	1,924	51,821	4,216	75,179
Interest rate swaps	708	1,069	(204)	(48)	391	930
Total derivative liabilities	708	1,069	(204)	(48)	391	930
Parent 2009						
Bank loans	100,000	104,444	1,612	1,612	101,220	–
Trade creditors	8,630	8,630	8,630	–	–	–
Other payables	14,752	14,752	14,752	–	–	–
Bank overdraft	33,197	33,197	33,197	–	–	–
Total non-derivative liabilities	156,579	161,023	58,191	1,612	101,220	–
Interest rate swaps	371	394	289	105	–	–
Total derivative liabilities	371	394	289	105	–	–

(i) Foreign currency exchange risk

The Group's exposure to foreign currency risk can be summarised as follows:

	USD	AUD	JPY	EUR	GBP
(figures are NZD)	\$000	\$000	\$000	\$000	\$000
Group 2010					
Foreign currency risk					
Trade debtors	39,035	3,819	2,121	643	241
Term receivables	2,685	–	–	–	–
Trade creditors	(2,797)	–	–	–	–
Net Balance Sheet exposure before hedging activity	38,923	3,819	2,121	643	241
Estimated forecast sales	260,711	30,071	27,266	4,668	2,373
Estimated forecast purchases	(58,491)	(15,647)	–	–	–
Net cash flow exposure before hedging activity	241,143	18,243	29,387	5,311	2,614
Forward exchange contracts and options	(61,150)	–	(25,849)	–	–
Net un-hedged exposure	179,993	18,243	3,538	5,311	2,614

Notes to the Financial Statements

for the year ended 30 September 2010

Note 22 – Financial Instruments (continued)

(i) Foreign currency exchange risk (continued)

	USD	AUD	JPY	EUR	GBP
(figures are NZD)	\$000	\$000	\$000	\$000	\$000
Group 2009					
Foreign currency risk					
Trade debtors	18,512	4,177	3,362	315	487
Term receivables	5,455	–	–	–	–
Trade creditors	(871)	–	–	–	–
Net Balance Sheet exposure before hedging activity	23,096	4,177	3,362	315	487
Estimated forecast sales	244,622	34,600	27,795	7,585	2,508
Estimated forecast purchases	(62,771)	(11,910)	–	–	–
Net cash flow exposure before hedging activity	204,947	26,867	31,157	7,900	2,995
Forward exchange contracts	(8,316)	–	(926)	–	–
Net un-hedged exposure	196,631	26,867	30,231	7,900	2,995

(j) Interest rate risk – re-pricing analysis

Interest-bearing variable rate instruments and related derivatives reprice as follows:

	Total	6 months or less	6–12 months	1–3 years	3–4 years	4–5 years
	\$000	\$000	\$000	\$000	\$000	\$000
Group 2010						
Cash and cash equivalents	10,242	10,242	–	–	–	–
Term receivables	2,685	2,685	–	–	–	–
Forward exchange contracts	3,442	2,036	1,277	129	–	–
Bank overdrafts	(5,824)	(5,824)	–	–	–	–
Bank loans	(70,000)	(70,000)	–	–	–	–
Interest rate swaps						
Cash inflows	50,000	50,000	–	–	–	–
Cash outflows	(50,000)	–	–	(25,000)	(10,000)	(15,000)
Total variable rate	(59,455)	(10,861)	1,277	(24,871)	(10,000)	(15,000)
Group 2009						
Cash and cash equivalents	4,003	4,003	–	–	–	–
Term receivables	5,455	5,455	–	–	–	–
Bank overdrafts	(33,886)	(33,886)	–	–	–	–
Bank loans	(100,000)	(100,000)	–	–	–	–
Interest rate swaps						
Cash inflows	35,000	35,000	–	–	–	–
Cash outflows	(35,000)	(10,000)	(25,000)	–	–	–
Total variable rate	(124,428)	(99,428)	(25,000)	–	–	–

Foreign currency options are valued using an option valuation technique which involves discounting cash flows by reference to market interest rates at year end.

The Parent Company repricing analysis is consistent with the Group analysis.

Notes to the Financial Statements

for the year ended 30 September 2010

Note 22 – Financial Instruments (continued)

(k) Capital management

The Group's capital includes share capital, reserves, retained earnings and minority interests.

The Group's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The impact of the level of capital on shareholders' return is also recognised and the Group recognises the need to maintain a balance between the higher returns that might be possible with greater gearing and the advantages and security afforded by a sound capital position.

The Group is not subject to any externally imposed capital requirements.

The allocation of capital between its specific business operations and activities is, to a large extent, driven by optimisation of the return achieved on the capital allocated. The process of allocating capital to specific business segment operations and activities is undertaken independently of those responsible for the operation.

The Group's policies in respect of capital management and allocation are reviewed regularly by the Board of Directors.

There have been no material changes in the Group's management of capital during the period.

(l) Sensitivity analysis

In managing interest rate and currency risks the Group aims to reduce the impact of short-term fluctuations on the Group's earnings. Over the longer-term, however, permanent changes in foreign exchange and interest rates will have an impact on profit.

It is estimated that a change of one percentage point in the value of the New Zealand dollar against other foreign currencies would have changed the Group's profit after tax by approximately \$2m (2009: \$2m) and changed equity by \$2m (2009: \$2m).

It is estimated that a general change in interest rates of one percentage point would change the Group's profit after tax by approximately \$0.7m (2009: \$0.7m).

Notes to the Financial Statements

for the year ended 30 September 2010

Note 22 – Financial Instruments (continued)

(m) Classification and fair values

	Fair Value through Profit or Loss	Loans and Receivables	Available-for-sale	Other Amortised Cost	Total Carrying Amount	Fair Value
	\$000	\$000	\$000	\$000	\$000	\$000
Group 2010						
Assets						
Investments						
Advances to associates	–	1,853	–	–	1,853	1,853
Shares in other companies	–	–	115	–	115	115
Total non-current assets	–	1,853	115	–	1,968	1,968
Current portion of term receivable	–	2,685	–	–	2,685	2,685
Trade debtors	–	54,294	–	–	54,294	54,294
Cash and cash equivalents	–	10,242	–	–	10,242	10,242
Derivative financial instruments						
Forward exchange contracts	3,442	–	–	–	3,442	3,442
Foreign exchange options	1,371	–	–	–	1,371	1,371
Total current assets	4,813	67,221	–	–	72,034	72,034
Total assets	4,813	69,074	115	–	74,002	74,002
Liabilities						
Bank loans	–	–	–	70,000	70,000	70,000
Total non-current liabilities	–	–	–	70,000	70,000	70,000
Bank overdraft and borrowings	–	–	–	5,824	5,824	5,824
Trade creditors	–	–	–	13,053	13,053	13,053
Other payables	–	–	–	11,347	11,347	11,347
Bank loans	–	–	–	50,000	50,000	50,000
Derivative financial instruments						
Interest rate swaps	708	–	–	–	708	708
Total current liabilities	708	–	–	80,224	80,932	80,932
Total liabilities	708	–	–	150,224	150,932	150,932

Term receivable, bank loan and derivatives are wholly within the Parent Company.

Notes to the Financial Statements

for the year ended 30 September 2010

Note 22 – Financial Instruments (continued)

(m) Classification and fair values (continued)

	Fair Value through Profit or Loss	Loans and Receivables	Available-for-sale	Other Amortised Cost	Total Carrying Amount	Fair Value
	\$000	\$000	\$000	\$000	\$000	\$000
Group 2009						
Assets						
Investments						
Advances to associates	–	666	–	–	666	666
Shares in High Liner Foods Incorporated	8,163	–	–	–	8,163	8,163
Staff share scheme trustee	–	411	–	–	411	411
Shares in other companies	–	–	113	–	113	113
Term receivable	–	2,749	–	–	2,749	2,749
Total non-current assets	8,163	3,826	113	–	12,102	12,102
Current portion of term receivable	–	2,706	–	–	2,706	2,706
Trade debtors	–	41,253	–	–	41,253	41,253
Cash and cash equivalents	–	4,003	–	–	4,003	4,003
Derivative financial instruments						
Forward exchange contracts	9,968	–	–	–	9,968	9,968
Total current assets	9,968	47,962	–	–	57,930	57,930
Total assets	18,131	51,788	113	–	70,032	70,032
Liabilities						
Bank loans	–	–	–	100,000	100,000	100,000
Total non-current liabilities	–	–	–	100,000	100,000	100,000
Bank overdraft and borrowings	–	–	–	33,886	33,886	33,886
Trade creditors	–	–	–	9,500	9,500	9,500
Other Payables	–	–	–	15,511	15,511	15,511
Derivative financial instruments						
Interest rate swaps	371	–	–	–	371	371
Total current liabilities	371	–	–	58,897	59,268	59,268
Total liabilities	371	–	–	158,897	159,268	159,268

Term receivable, bank loan and derivatives are wholly within the Parent Company.

(n) Fair value hierarchy

The table on the following page analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices).

Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Notes to the Financial Statements

for the year ended 30 September 2010

Note 22 – Financial Instruments (continued)

(n) Fair value hierarchy (continued)

	Level 1	Level 2	Level 3	Total
	\$000	\$000	\$000	\$000
Group 2010				
Derivatives – Forward exchange contracts used for hedging	–	3,442	–	3,442
Derivatives – Option contracts used for hedging	–	1,371	–	1,371
	–	4,813	–	4,813
Interest rate swaps	–	(708)	–	(708)
	–	4,105	–	4,105
Group 2009				
Investments – Shares in Highliner Foods		8,163	–	8,163
Derivatives – Forward exchange contracts used for hedging	–	9,968	–	9,968
	–	18,131	–	18,131
Interest rate swaps	–	(371)	–	(371)
	–	17,760	–	17,760
Parent 2010				
Derivatives – Forward exchange contracts used for hedging	–	3,442	–	3,442
Derivatives – Option contracts used for hedging	–	1,371	–	1,371
	–	4,813	–	4,813
Interest rate swaps	–	(708)	–	(708)
	–	4,105	–	4,105
Parent 2009				
Derivatives – Forward exchange contracts used for hedging	–	9,968	–	9,968
Interest rate swaps	–	(371)	–	(371)
	–	9,597	–	9,597

There have been no transfers between fair value hierarchy levels during the period.

Total related (losses) and gains recognised in other comprehensive income during the period was (\$1.4m) (2009: \$4.1m).

Notes to the Financial Statements

for the year ended 30 September 2010

Note 22 – Financial Instruments (continued)

(o) Determining fair value

(i) Derivatives

Derivatives are initially recognised at fair value on the date the derivative contract is entered into and are subsequently re-measured at their fair value. The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows using market interest rates. The fair value of forward foreign exchange rate contracts is estimated by discounting the difference between the contractual forward price and the current forward price for the residual maturity of the contract using market interest rates. The fair value of options is estimated using option valuation methods with reference to current spot rates and market volatility.

(ii) Investments

The fair value of investments at fair value through profit or loss and available-for-sale investments is determined by reference to their quoted bid price at the reporting date. Due to the level of trading volumes these investments were determined as level 2 in the fair value hierarchy.

(iii) Loans and receivables

Cash and cash equivalents, advances to associates and trade debtors are short term in nature and the related carrying value is equivalent to their fair value.

(iv) Term receivable

As the term receivable pays interest at a rate that is reset every six months the fair value approximates its carrying value.

(v) Other amortised costs

Bank overdraft and borrowings, trade creditors and other payables are short term in nature and the related carrying value is equivalent to their fair value.

The \$70m term loan facilities (fully drawn at balance date) are due to expire on 30 September 2013 and the \$75m facility (\$50m drawn as at balance date) is due to expire on 10 April 2011. All banking facility financial covenants have been complied with in accordance with the facility agreements. Bank loans are secured by a general security interest over property and a mortgage over quota shares.

The bank loans are floating rate debt, therefore their fair value approximates their carrying values.

The interest rates used are as follows:

	2010	2009
Interest rate swaps	4.17% – 4.70%	4.70% – 8.76%
Loans and borrowings	3.02% – 3.56%	3.20% – 8.52%
Receivables	4.44% – 4.46%	5.76% – 7.39%

Notes to the Financial Statements

for the year ended 30 September 2010

Note 23 – Operating Leases

Non-cancellable operating lease rentals are payable as follows:

	Group		Parent	
	2010	2009	2010	2009
	\$000	\$000	\$000	\$000
Less than one year	1,372	1,181	1,149	1,181
Between one and five years	4,855	3,286	3,961	3,286
More than five years	5,982	5,776	4,958	5,776
	12,209	10,243	10,068	10,243

The Company leases land and buildings under operating leases. The leases typically run for a period of 25 years with an option to renew the lease after that date. Lease payments are increased periodically to reflect market rentals.

Note 24 – Contingent Liabilities and Commitments

(a) Contingent liabilities

	Group		Parent	
	2010	2009	2010	2009
	\$000	\$000	\$000	\$000
Guarantees	266	234	266	234

The Company has provided a negative pledge and guarantees to Group companies. The Company considers these guarantees to be insurance arrangements and accounts for them as such. In this respect the Company treats the guarantee contracts as contingent liabilities until such times as it becomes probable that the Company will be required to make payments under the guarantees.

(b) Commitments

	Group		Parent	
	2010	2009	2010	2009
	\$000	\$000	\$000	\$000
Commitments for capital expenditure	10,687	592	9,311	592

Notes to the Financial Statements

for the year ended 30 September 2010

Note 25 – Reconciliation of Profit for the Period with the Net Cash Flow from Operating Activities

	Group		Parent	
	2010	2009	2010	2009
	\$000	\$000	\$000	\$000
Profit for the period (after tax)	25,025	39,139	26,491	38,195
Adjustments for non-cash items:				
Depreciation and amortisation	13,759	13,510	13,331	13,166
Impairment	–	1,383	–	488
Change in fair value of biological assets	(1,086)	1,553	(1,086)	1,553
Change in fair value of interest rate swaps	337	282	337	282
New Zealand units income	(3,417)	–	(3,417)	–
Change in fair value of foreign exchange contracts	3,164	(4,090)	3,164	(4,090)
Equity accounted loss (profit) in associated companies	1,042	(210)	–	–
Increase (decrease) in deferred taxation	4,124	(368)	3,520	238
Unrealised foreign exchange (gains)	(900)	(676)	(900)	(676)
	17,023	11,384	14,949	10,961
Movement in working capital				
(Increase) in debtors and prepayments	(13,166)	(2,688)	(11,472)	(3,011)
(Increase) decrease in inventories	4,434	(8,608)	4,510	(8,634)
(Decrease) in creditors and other liabilities	(741)	(7,335)	(815)	(7,063)
(Decrease) in current tax	(795)	(1,484)	(339)	(2,076)
	(10,268)	(20,115)	(8,116)	(20,784)
Items classified as investing activities				
(Gain) loss on sale of property, plant and equipment	(476)	35	(476)	31
Associate company dividends received by parent	–	–	(767)	(643)
Loss (gain) on sale of other investments	67	(35)	–	–
	(409)	–	(1,243)	(612)
Net cash inflows from operating activities	31,371	30,408	32,081	27,760

Notes to the Financial Statements

for the year ended 30 September 2010

Note 26 – Related Party Transactions

(a) Basis of transactions

The ultimate parent of the Group is Sanford Limited. Transactions with related parties have been entered into in the ordinary course of business and undertaken on normal commercial terms.

(b) Material transactions and balances with related parties

	Transaction Value	
	2010	2009
	\$000	\$000
<i>(i) Transactions with subsidiaries</i>		
Income		
Management fees	343	297
Sales	11,546	15,396
Interest	249	304
Rent	336	332
	12,474	16,329

	Balance Outstanding	
	2010	2009
	\$000	\$000
Due from Parent to subsidiaries	(67,608)	(60,772)
Due to Parent from subsidiaries	22,757	22,688
	(44,851)	(38,084)

	Transaction value	
	2010	2009
	\$000	\$000
<i>(ii) Transactions with associates</i>		
Income		
Management fees	182	173
Dividend received	643	643
	825	816
Expenses		
Processing	5,693	6,648
Freight	427	748
	6,120	7,396

	Balance Outstanding	
	2010	2009
	\$000	\$000
Due to Group	1,853	666

No interest is charged on balances between New Zealand related parties. Interest is charged at market rates on balances with Australian subsidiaries. All related party balances are repayable on demand, however the parties have agreed not to call upon the loans within 12 months from balance date.

Notes to the Financial Statements

for the year ended 30 September 2010

Note 27 – Key Management Personnel Compensation

Key management personnel compensation comprised:

	2010	2009
	\$000	\$000
Salary, short-term employee benefits and directors fees included in note 7	3,213	2,976

Note 28 – Group Entities

The Sanford Group comprises the following principal entities:

Name	Interest Held %	Balance Date	Principal Activity
Subsidiaries:			
New Zealand			
Sanford Investments Limited	100	30 September	Investment company
Auckland Fish Market Limited	100	30 September	Auction and seafood school
Auckland Fishing Port Limited	67	31 March	Wharf company
Australia			
Sanford Australia Pty Limited	100	30 September	Fish catching and processing
Primestone Nominees Pty Limited	75	30 September	Seafood wholesaler
Associates:			
New Zealand			
New Zealand Japan Tuna Company Limited	46.74	31 March	Fish catching and processing
Barnes Oysters Limited	20	30 September	Seafood processing and wholesaler
Live Lobster Southland (1995) Limited	25	31 March	Seafood processing
North Island Mussel Processors Limited	33.33	30 September	Seafood processing
San Won Limited	50	30 September	Cold storage
SS Fishing Limited	50	30 June	Non-operating company
The Big Picture Auckland Limited	50	30 September	Tourism company
Pure New Zealand Greenshell Mussels Limited Partnership	35	30 September	Greenshell™ mussel exporter
China			
Weihai Dong Won Food Company Limited	50	31 December	Seafood processing

Note 29 – Subsequent Events

On 15 November 2010 it was announced that the Company entered into an agreement to acquire the Greenshell™ mussel and Pacific oyster businesses of Pacifica Seafoods for \$85m. The Company will fund the acquisition using a new three-year term debt facility provided by its existing banks.

There are no other events occurring after the reporting period that require disclosure.

Independent Auditor's Report



To the Shareholders of Sanford Limited

Report on the Company and Group Financial Statements

We have audited the accompanying financial statements of Sanford Limited ("the company") and the group, comprising the company and its subsidiaries, on pages 2 to 40. The financial statements comprise the balance sheet of the company and the consolidated balance sheet of the group as at 30 September 2010, the income statement and statements of comprehensive income, changes in equity and cash flows of the company and the consolidated income statement and consolidated statements of comprehensive income, changes in equity and cash flows of the group for the year then ended, and a summary of significant accounting policies and other explanatory information.

Directors' Responsibility for the Company and Group Financial Statements

The directors are responsible for the preparation of company and group financial statements in accordance with generally accepted accounting practice in New Zealand and that give a true and fair view of the matters to which they relate, and for such internal control as the directors determine is necessary to enable the preparation of company and group financial statements that are free from material misstatement whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these company and group financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing (New Zealand). Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the company and group financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the company and group financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company and group's preparation of the financial statements that give a true and fair view of the matters to which they relate 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 company and group's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates, as well as evaluating the presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Other than in our capacity as auditors we have no relationship with, or interests in, the company and group.

Opinion

In our opinion the financial statements of Sanford Limited and its subsidiaries ("the company and group") on pages 2 to 40:

- comply with generally accepted accounting practice in New Zealand;
- give a true and fair view of the financial position of the company and the consolidated financial position of the group as at 30 September 2010 and of the financial performance and cash flows of the company and the consolidated financial performance and consolidated cash flows of the group for the year ended on that date.

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of section 16(1)(d) and section 16(1)(e) of the Financial Reporting Act 1993, we report that:

- we have obtained all the information and explanations we have required; and
- in our opinion proper accounting records have been kept by Sanford Limited and its subsidiaries as far as appears from our examination of those records.

A handwritten signature in black ink that reads 'KPMG' with a period at the end.

24 November 2010
KPMG Auckland



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Comments on Sanford Limited Annual Result 2010

- ▶ SANFORD PROFIT AFTER TAX FOR THE YEAR \$25.0M
- ▶ EARNINGS AFTER TAX DECREASE BY 36% FROM LAST YEAR MAINLY AS RESULT OF HIGH EXCHANGE RATE
- ▶ ANNUAL DIVIDEND MAINTAINED AT 23 CENTS PER SHARE
- ▶ ACQUISITION OF PACIFICA SEAFOOD ASSETS POST BALANCE DATE
- ▶ EXCHANGE RATE REMAINS A CHALLENGE

Overview and Highlights

With improved pricing for many species over the second six-month period of this financial year, operating earnings (EBITDA) increased from \$10.3m for the first six months to \$38.8m in the second six months to give a total for the year of \$49.1m.

Summary Group Income Statement	12 Months ended 30 Sep 10	6 Months ended 30 Sep 10	6 Months ended 31 Mar 10	12 Months ended 30 Sep 09
	\$000	\$000	\$000	\$000
Revenue	421,087	235,209	185,878	433,091
EBITDA	49,057	38,761	10,296	68,366
Depreciation, amortisation and impairment	(13,754)	(6,922)	(6,832)	(14,892)
EBIT	35,303	31,839	3,464	53,474
Net interest	(5,780)	(3,181)	(2,599)	(6,788)
Net currency exchange gains	7,836	790	7,046	8,387
Net gain (loss) on sale of investments, property, plant & equipment	409	346	63	(35)
Profit before income tax	37,768	29,794	7,974	55,038
Income tax (expense)	(12,743)	(10,129)	(2,614)	(15,899)
Profit for the year	25,025	19,665	5,360	39,139
Minority interest	(21)	(1)	(20)	(64)
Profit attributable to equity holders of the Group	25,004	19,664	5,340	39,075

Tracking the changes in revenue between this year and last year, volume has increased by \$25m, price improvements contributed \$3.0m but foreign exchange variances reduced revenue by \$40m, to a total revenue of \$421m for the current year.





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Volume increases in half-shell mussels, hoki fillet block, toothfish and scampi were offset by declines in skipjack tuna and other smaller-volume species. Positive price variances achieved in squid and orange roughy were offset by reduced prices for half-shell mussels, skipjack tuna and, to a small extent, hoki. Negative exchange rate variances affected all species.

The revenue reduction this year of \$12.0m coupled with increased costs of \$7.3m resulted in a reduced EBITDA of \$19.3m. The increased costs relate mainly to increased vessel operating costs, and higher charter fees on the basis of higher squid prices.

Foreign exchange gains totalled \$7.8m for the year compared to \$8.4m last year. Overall net surplus attributable to shareholders for the year totalled \$25.0m compared to \$39.1m last year.

For the coming year, we have forward foreign exchange cover for approximately 20% of our expected US dollar receipts at an average rate of US\$0.67. Also, we have 20% of the forecast US dollar receipts covered with zero cost collars which protects a rate of US\$0.72 on the upside but limits our downside benefit to a rate of US\$0.62.

Commenting on a number of specific issues in respect of the results for the year:

- Markets for many species improved in the second six months of the year and these are reflected in the pricing graphs shown in this report.
- Mussel pricing, which had been depressed, increased to far more realistic levels resulting from a combination of stronger demand and the establishment of the Pure New Zealand Greenshell Mussels operation in China.
- Squid prices increased to record highs in most markets as catches in most other countries declined. Although catching rates in New Zealand were not as high as past years, the higher prices enabled our own and our charter vessels to continue fishing squid to reach catch levels close to those of last year.
- While returns from our skipjack tuna fishing in the Pacific improved in the second six months, access to the fishery and fishing conditions continued to be a concern.
- Deepwater operations, encompassing our hoki freezer trawlers, toothfish and ling longliners, scampi fleet and charter vessels had an excellent year and made a strong contribution towards results.
- Inshore operations benefited from improved prices for many species including orange roughy.
- The problems associated with salmon production in Chile enabled us to capitalise on new market opportunities and, early in the year, we converted the Bluff mussel processing facility into a salmon portioning plant to enable us to meet demand from new customers.
- Although our four Korean charter vessels continue to record catches in line with expectations, we are working with our partners to achieve improved performance, better quality and compliance outcomes over the next 12 months.

The new North Island Mussel Processors Limited (NIMPL) automated machine-opening factory was commissioned during the last six months and officially opened by the Prime Minister Rt Hon John Key in June. The factory features 28 dual-channel automated mussel-opening machines to produce half-shell product.

When clean shell product is presented to the plant the cost to process these mussels is significantly reduced. In the Coromandel last season a barnacle over-settlement on many mussels has frustrated our ability to operate the machines at full capacity. We are presently researching ways in which marine organisms such as barnacles can be removed from the shells prior to their reaching the automatic opening machines. As a consequence, volume and profitability targets were not met. A new meat line facility has recently been installed to produce mussel meat when there is marine growth on the outer shells.



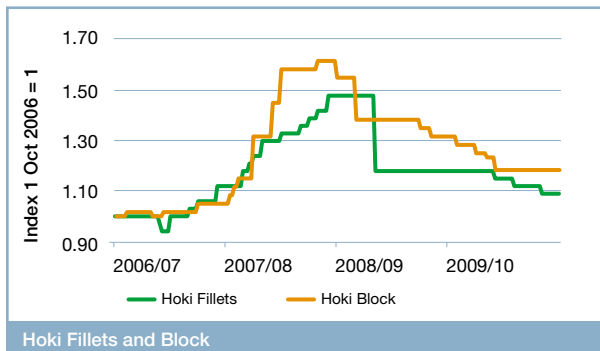
SANFORD LIMITED SUSTAINABLE SEAFOOD

As a result of improved demand and higher prices, inventories reduced from \$57.1m at the end of March to \$45.6m at 30 September. This resulted in net cashflow from operating activities improving by \$32.5m in the second six months.

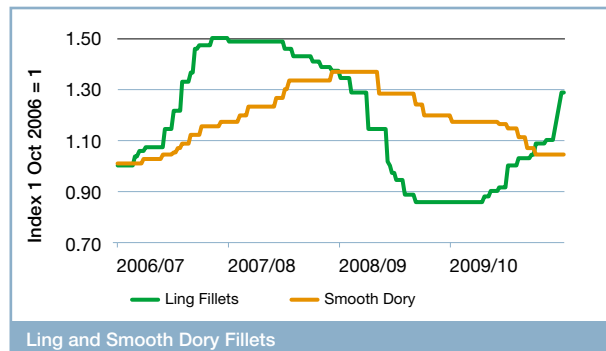
Markets and Pricing

Over the last six months we have seen improved pricing across a range of species including Greenshell™ mussels, salmon, snapper, orange roughy, toothfish, ling, squid, hake and southern blue whiting. Prices of hoki have generally been stable although competition in the Australian market has weakened prices there. We continue our focus mainly on hoki block and have secured volume contracts for the coming year. Skipjack tuna prices have been highly variable throughout the year and recently dropped to levels of around US\$1,000/mt.

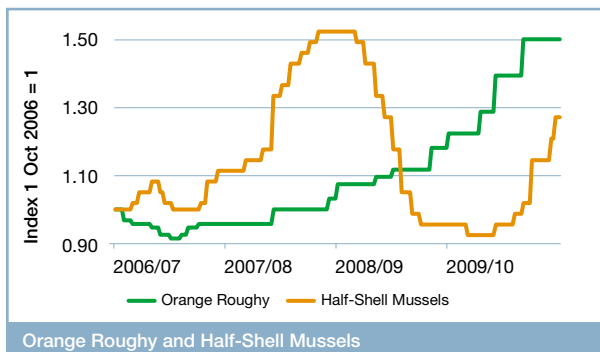
We show in the following graphs trends in prices over the past year compared with the previous three years; all prices indexed to 1 October 2006.



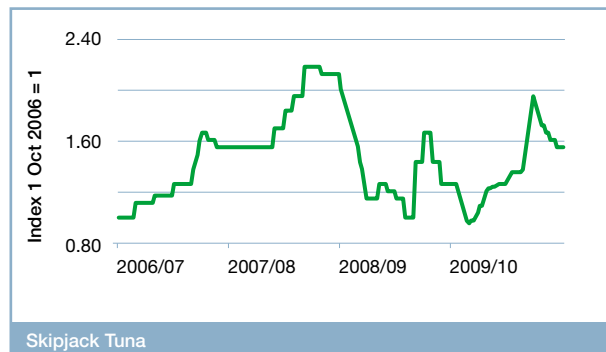
Hoki Fillets and Block



Ling and Smooth Dory Fillets



Orange Roughy and Half-Shell Mussels



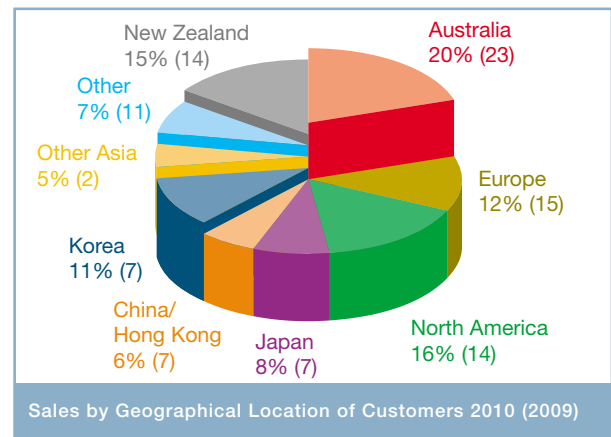
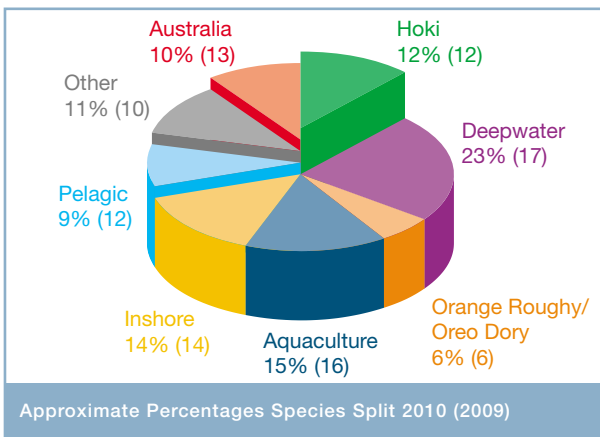
Skipjack Tuna



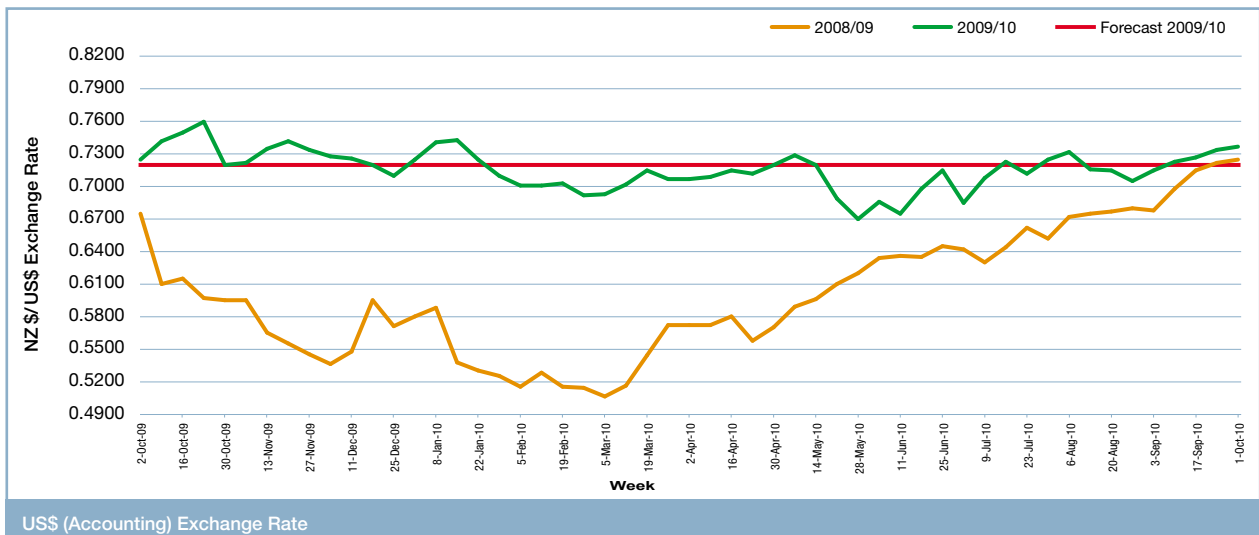
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In terms of species split this year, it is again an analysis of revenue by species; deepwater species have increased based on improved pricing for many of the species. Aquaculture dropped back from 16% to 15%; this is influenced by weaker mussel prices offset by increased volumes in ship to market.

A more comprehensive comparison of revenue split is provided which shows a decline in Australia from 23% to 20% (the main reduction is in respect to eliminating trading in non-profitable activities). Europe declined from 15% to 12%; North America, Korea and Other Asia have increased. North America was the result of increased volumes of toothfish, mussels and salmon, Korea from increased prices for squid and increased volumes of mussels. For the first time Asia in total reached 30% of our overall revenue and we can see this trend continuing in the future.



Exchange Rate Analysis



The exchange rate graph compares the average monthly accounting NZ\$/US\$ exchange rate to forecast and last year. While the exchange rate did not fluctuate as significantly as last year, it was approximately 12 cents higher with this year's average rate very similar to our forecast rate of US\$0.72. Since balance date however the NZ\$/US\$ exchange rate has risen well above the average 2009/10 levels highlighting the difficult environment we operate in. We continue to use a mixture of forward contracts and zero cost collars to actively manage our foreign currency risk.

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New Zealand Seafood Segment

The New Zealand seafood segment produced an excellent result in the second half of the year, particularly from the inshore and deepwater operations. Aquaculture operations improved in the second six months with lower prices for oysters being offset by steadily improving prices for mussels and salmon. The Pacific tuna operation achieved improved results for the second six months but returns for the year were still below expectations.

Australia Seafood Segment

Our Melbourne-based business is undergoing a period of change as the 50-year-old Melbourne wholesale auction market will close its doors on 31 December 2010 and we will move into new premises located nearby. As noted earlier, our turnover in Australia has reduced this year; however, much of that turnover is not producing satisfactory returns and we would expect that once we are established in our new premises, we will be able to achieve satisfactory returns.

Pacifica Seafoods Assets Acquisition

On 15 November 2010 it was announced that Sanford had entered into an agreement with Pacifica Seafoods to acquire its Greenshell™ mussel and Pacific oyster businesses for \$85m.

The Pacifica Seafoods businesses and assets to be acquired include:

- Ownership of more than 70 marine farms, 400 hectares of water space and 800 mussel longlines together with lease, share and contract farming operations that include a further 130 hectares of space and 300 mussel longlines
- 40% interest in an approved 2,695 hectare mussel farm development opportunity in Pegasus Bay near Christchurch
- A large and modern mussel and salmon processing facility in Christchurch
- Ten marine farm servicing and harvesting vessels
- Various properties near the Marlborough Sounds and in Christchurch
- Pacifica's interest in a cooperative marketing company which markets mussels in China under the "Pure New Zealand Greenshell Mussels" brand (Sanford already has a 35% interest)
- Approximately 295 employees (during peak season)

We would hope to expand the existing 17,000 tonnes of annual production and will investigate the installation of automated opening machine technology in 2012.

The acquisition of the Pacifica Seafoods business is highly complementary with our existing aquaculture business and it follows on from our acquisition of marine mussel farms from Sealord in 2009 and is totally consistent with our aquaculture strategy that we outlined in May this year and is available on our website.

This will combine New Zealand's two largest Greenshell™ mussel businesses and will consolidate Sanford's position as New Zealand's #1 aquaculture producer and exporter. The acquisition also offers significant potential synergy benefits for Sanford, particularly in terms of export marketing and further processing automation. The acquisition is expected to be completed on 30 November 2010. Sanford received clearance for the acquisition from the Commerce Commission.

Sanford will fund the acquisition using a new three-year debt facility provided by its existing banks. The acquisition is expected to be earnings accretive for Sanford in the current financial year.



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International Investments

Weihai Dong Won Food Company Limited

Our China joint venture, Weihai Dong Won Food Company Limited, produced a much more satisfactory result and increased production volumes in an improved pricing environment. The plant is now achieving results close to expectations. Continuing difficulties in recruiting and retaining suitably qualified staff remain an issue.

Pure NZ Greenshell Mussels

The process of establishing Pure NZ Greenshell Mussel Partnership was started earlier this year in China to exclusively market all Greenshell™ mussels produced by Sanford, Pacifica, Sealord, Aotearoa Seafoods and Greenshell (NZ). Partnership and production shares were established relative to the past production of the five companies. The partnership was formally launched in Shanghai in June 2010 by the Minister of Trade Hon Tim Groser and appointment of a China-based manager was completed shortly after.

A wholly foreign owned enterprise is in the process of being established but while that process has been proceeding we completed product specifications, packaging designs, promotional plans and budgets and launched the product into the Chinese market in October 2010. A substantial portion of the first container of product was approved as a seafood item for the November 2010 Asian Games in China.

With the continued assistance of Aquaculture New Zealand and New Zealand Trade and Enterprise, Pure NZ Greenshell had two stands at recent seafood shows in China and as a result has already received orders for 20% of first year forecast volumes at acceptable international prices. All shareholders are now producing mussels for the venture and it is expected that this will underpin other marketing efforts to achieve ongoing stable and acceptable price levels for mussels.

Industry Issues

Emissions Trading Scheme (New Zealand units)

As recorded in the notes to the accounts Sanford, as a quota owner, was allocated approximately 170,000 emissions trading units as part of the new Emissions Trading Scheme. The units were allocated at the same time additional levies were placed on fuel we purchase. The allocation of units was intended to provide a one-off offset based on the additional costs associated with fuel used to harvest our quota. We are presently coordinating a process to tender our and other large and small quota owners' units into the carbon trading market to benefit from the marketing of a single larger parcel of units. For the accounts we valued our units at \$20 each, and included this as a one-off capital profit in the current year.

Aquaculture Law Reform

On 9 November 2010 the Government introduced new legislation to reform the law regarding aquaculture developments. The reform will allow a better process for acquiring new aquaculture space and improved processes to permit additional species to be farmed on existing and new space. The legislation will also provide more certainty to existing marine farmers which would encourage longer term investment.

Fisheries' Certification

Certification of the Ross Sea toothfish was notified mid November 2010. It has been a long process subject to objection and independent adjudication processes. Toothfish caught in the Ross Sea this year will have the benefit of Marine Stewardship Council certification. The certification process of other New Zealand species continues.

Sustainable Development

The Company continues to be committed to its sustainable development programme and we again include a summary from the Sustainable Development Report in the Annual Report.



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Outlook For Coming Year

With improved demand and pricing for many species, we would expect to see an improved result for the 2011 year subject to the vagaries of the exchange rate regime. Recent strengthening of the New Zealand dollar against the US dollar towards US\$0.80 is of concern to all primary production exporters in New Zealand.

We are again well placed to capitalise on improved demand and pricing that will enable us to continue to operate more efficiently and at lower inventory levels than previously.

With the Pacifica acquisition being completed on 30 November 2010, we will have 10 months results from those operations which we estimate will generate a \$10m improvement in EBITDA before the benefits of any synergies are included.

Management Structure

The Board has approved a new management structure to take effect from 1 January 2011 which will see the creation of three new General Manager roles reporting to the Managing Director.

The first role of General Manager Operations (to be filled by Greg Johansson), will take responsibility for all operating divisions of the business including inshore, aquaculture, deepwater, Pacific tuna, China processing, and industry liaison.

The second role of General Manager Marketing and Development (to be filled by Vaughan Wilkinson), will encompass all marketing (including the appointment of a marketing team leader), quality management, product specifications, logistics, plus responsibility for Australian activities. It will also take responsibility for the formation of a product innovation and development capability that will look at developing more efficient, effective and sustainable ways of meeting customer requirements.

The third role of General Manager Finance and Administration (to be filled by Dean McIntosh), will cover all finance and banking, sustainability systems, secretarial and quota administration, accounting and IT systems, insurance, ACC and superannuation and executive support systems. Further development of our software systems and coordinating the expansion of our website and converting it to multilingual will be an early focus of this role.

Acknowledgements

This year we enter into a new era with a significantly enhanced aquaculture operation. The demands and challenges of an industry such as ours will continue to be met by a skilled and experienced team of fishermen and farm workers, processing and administration staff, and management and executive teams who are all extremely competent and well trained to deal with the challenges we face. I would like to record my appreciation to each and every one of them for the efforts they put in to achieve the results in a very challenging year.

E F Barratt

Managing Director

24 November 2010

**The Annual Meeting will be held at 2.00pm Wednesday 26 January 2011 at the Ellerslie Event Centre,
Ellerslie Racecourse, Greenlane, Auckland.**

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Information required by NZX

SANFORD LIMITED		
Audited results for announcement to the market		
Reporting Period	12 months to 30 September 2010	
Previous Reporting Period	12 months to 30 September 2009	
	Amount	Percentage change
Revenue from ordinary activities	\$NZ 421.1m	(2.8%)
Profit (loss) from ordinary activities after tax attributable to security holders	\$NZ 25.0m	(36.1%)
Net profit (loss) attributable to security holders	\$NZ 25.0m	(36.1%)
Final Dividend	Amount per security	Imputed amount per security
	14 cents per share	6.0000 cents per share
Record Date	10 December 2010	
Dividend Payment Date	15 December 2010	



SANFORD LIMITED
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