



SANFORD LIMITED
SUSTAINABLE SEAFOOD

9 August 2013

Continuous Disclosure Notice

Second half trading for year ending 30 September 2013

Tuna and Toothfish catches and Greenshell Mussel volumes not up to expectations

Sanford Limited advised at the half year that if catch and aquaculture production was achieved as planned in the second half, profitability would be at a similar level to the first half year result. Catches in two important fisheries and Greenshell mussel production are lower than planned and will impact the year-end profit result. It will therefore likely be in the \$23m to \$25m range (last year \$21m).

Catches in the skipjack tuna fishery in the Pacific have been much lower than planned. The high cost of operating three large purse seiners has a significant effect on profitability when catches drop to low levels. With the closure season of Fish Aggregation Devices (FADs) extending through to the end of October 2013, the likelihood of improvement in catch rates from these vessels is low.

This year we were able to deploy two freezer longliners to fish for toothfish in the South Georgia fishing zone. While the San Aspiring catch results were close to expectations and past years' catch, the second vessel's (San Aotea II) catch results were below expectations and the vessel is now returning to New Zealand. The cost of deploying these vessels to this remote fishery is extremely high and when catch rates are poor, profitability declines quickly.

The period of slow growth in our main mussel growing area in the Marlborough Sounds has resulted in harvest and production volumes being below planned levels and those mussels able to be harvested have generally been of a smaller average size. This lowers revenue per kilogram and increases production costs. The lack of volume is disappointing as market demand for mussels is strong and prices are high.

Catching of quota species in New Zealand has been in line with plans and is likely to meet expectations for the year. The demand for our retail packed products is increasing and the increased sales in the domestic market for our Stewart Island farmed salmon is very pleasing as they reduce our reliance on commodity markets in Asia. Markets for most species are strong and prices are firm.

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