SANFORD LIMITED
SUSTAINABLE SEAFOOD

ISO 14001 SYSTEM CERTIFICATION SGS

Interim Report
2010/2011

From sea to food – over 100 years of sustained growth

SANFORD LIMITED
SUSTAINABLE SEAFOOD

Interim Report to Shareholders

For the six months ended 31 March 2011

The Directors are pleased to present the Interim Report of Sanford Limited for the six months ended 31 March 2011.

For and on behalf of the Board of Directors:

J G Todd
Chairman

E F Barratt
Managing Director

15 June 2011

Contents

Cover image Greenshell™ mussels being packed at Sanford Christchurch for overseas retail markets.

SANFORD LIMITED
SUSTAINABLE SEAFOOD

Directors' Report

Overview

Revenue for the six months ended 31 March 2011 is up 23% over the same period last year to a total of $228m. Excluding sales resulting from the Pacifica Seafoods mussel business acquisition on 30 November 2010, sales were up 17%. EBITDA increased to $26m ($10m in the first six months last year) and after tax profit for the period increased to $13.1m ($5.3m last year).

Consolidated Interim Income Statement

	6 months ended 31 March 2011	6 months ended 31 March 2010	12 months ended 30 September 2010
	$000	$000	$000
Revenue	**228,030**	**185,878**	**421,087**
EBITDA	**25,998**	**10,296**	**49,057**
Depreciation, amortisation and impairment	(7,516)	(6,832)	(13,754)
EBIT	**18,482**	**3,464**	**35,303**
Net interest	(4,645)	(2,599)	(5,780)
Net currency exchange gains	4,325	7,046	7,836
Net gain on sale of investments, property, plant & equipment	58	63	409
Profit before income tax	**18,220**	**7,974**	**37,768**
Income tax (expense)	(5,103)	(2,614)	(12,743)
Profit for the period	**13,117**	**5,360**	**25,025**
Minority interest	(22)	(20)	(21)
Profit attributable to equity holders of the Group	**13,095**	**5,340**	**25,004**

Directors

Sadly, after a short illness, Sanford Chairman Mr Bruce Cole passed away on 11 May 2011. We express our deepest sympathy to his wife Noel and family.

After an outstanding business career with L D Nathan, Bruce Cole was first elected a Director of Sanford in 1987, became Deputy Chairman in 2004 and elected Chairman in 2006.

Directors' Report

During his Board tenure, shareholder value in the company has grown from $50m to over $500m and annual dividends have grown from $3m to over $20m. One of the strong attributes Bruce brought to the Board has been a focus on creating value for shareholders while at the same time retaining an industry focused growth strategy built on sustainable development. His contribution will be sorely missed.

Mr Jeff Todd has been elected Chairman of Directors and a new Director appointment will be announced in the near future.

Dividend

Directors have decided to maintain the interim dividend at 9 cents per share which will be payable 15 June 2011. Although the increase in profitability in the last six months is pleasing the Board is focussed on reducing the debt level following the Pacifica Seafoods purchase on 30 November 2010.

Highlights

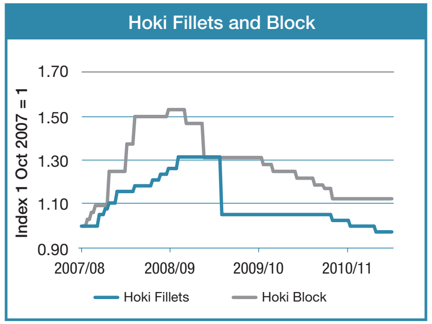
Sales volumes and revenue per kilo values for skipjack tuna, toothfish and salmon increased over the same period last year while revenue per kilo returns for Greenshell mussels, ling and squid also improved. Hoki sales volumes were well ahead of last year as inventory levels were reduced. Blue mackerel catches were disappointing early in the period and sales volumes were much lower than last year.

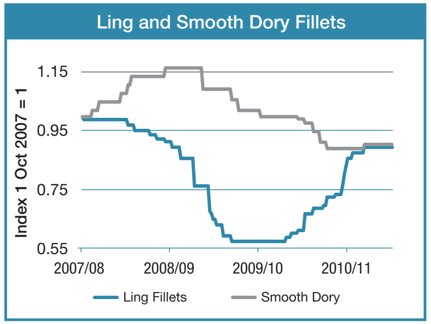
Mussel processing volumes were lower as the Havelock plant was closed for upgrading during much of the period and processing at the former Pacifica plant in Christchurch was disrupted for a short time by the February earthquake. Fortunately the plant suffered only minimal damage, however staff needed time to deal with their individual circumstances. Production volumes at both these facilities will be increased in the second half of the year.

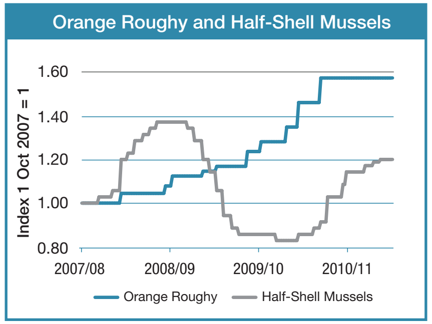
SANFORD LIMITED
SUSTAINABLE SEAFOOD

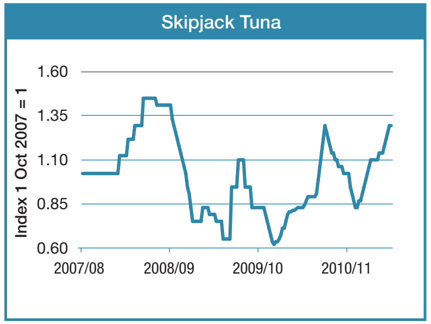
Markets and Pricing

Prices over the period have improved for most species as seafood follows the worldwide increase in commodity prices. We show in the following graphs some of our important species which illustrate trends in prices over the past six months as compared with the previous three years, with all prices indexed to 1 October 2007.









Directors' Report

It is pleasing to report a solid increase in mussel prices in all markets as strong demand continues to exceed our ability to supply. Our recent acquisition of Pacifica and the co-operation brought about by the Pure New Zealand Greenshell Mussel business in China has seen new stability in all markets bringing increased interest in mussel products from more buyers. The retail packing equipment and product design acquired from Pacifica has been put to good use with volume sales of retail packed mussels going into new channels in a number of markets. At present all mussel plants are fully committed to meeting current orders through to the end of August.

Salmon markets have been expanded with our portioning plant in Bluff now fully committed to supplying specialist products to a range of restaurant chains in overseas markets. The expansion of our salmon farm facilities and capacity over the previous two years is proving very successful.

Market prices for squid are at some of the highest levels seen for some years as lack of catch in Asian and South Atlantic waters increases demand from all markets. Jack and blue mackerel prices are also stronger in most markets.

Our hoki business through our Weihai Dong Won plant (50% owned) in China producing breaded portions for the lunch box trade in Japan has been progressing steadily. Some easing of the labour shortages in China has allowed the plant to maximise output of these products. In Europe hoki prices have been under pressure as increased catches of Alaskan and Russian pollock influence the major buyers looking for competitive MSC-certified whitefish supplies. Prices for smaller sized scampi are under pressure, particularly in Japan, as the premier restaurant business slows from the effect of the devastating earthquake.

Pacifica Seafoods Acquisition

As Shareholders will be aware we acquired Pacifica Seafoods Greenshell mussel business on 30 November 2010. The assets acquired included 77 mussel farms on 392 hectares with 800 mussel longlines including crop growing in a wide area of the Marlborough Sounds all of which complement our existing farms in the area. A range of service and harvest vessels along with shore facilities in Marlborough were acquired as part of the business. We also acquired mussel farming operations

around Banks Peninsula and a 40% share in an undeveloped, but approved offshore farming space of approximately 2,700 hectares in Pegasus Bay.

The acquisition also included a large mussel processing facility in Riccarton, Christchurch, containing dry stores, processing plant, new technology retail packing plant (photo featured on the front of this report) and cold storage facilities. Although all staff were initially offered employment with Sanford a number of senior executives and management staff either chose to leave or were made redundant allowing us to fully integrate the business with our existing operations.

Iwi Collective Partnership

During the period we entered into a 5 year partnership with the Iwi Collective Partnership (ICP).

The ICP is a formally constituted body of 12 North Island Iwi who have pooled their quota and in respect to their deepwater quota formally agreed to engage with Sanford Limited over the use of their quota. The partnership is based on six shared values and five key result areas that we will work together on to progress our respective and joint interests. This is the first significant agreement that Sanford has entered into with Māori interests and both parties are excited by the potential opportunities that will arise from this agreement.

New Zealand Seafood Segment

The New Zealand seafood segment of the business produced improved results from all operations; particularly the Pacific tuna vessels that had one of their best first-half year catching results.

Auckland

Auckland-based inshore vessels performed to expectations with increased snapper and trevally catches and improved reprocessing volumes. The Auckland Fish Market results have been steady and it is hoped that the Seafood School and the Big Picture Wine Experience will enjoy improved patronage over the period of the Rugby World Cup later this year.

Directors' Report

Tauranga

Skipjack tuna catches were much better than previous years and with good prices enabled better returns. Blue mackerel catches were lower than expected although prices continue to improve. Returns from the Mount Maunganui-based Export Cold Storage business were below expectations, reflecting lower demand for blast freezing services.

Timaru

While catches of inshore species were steady, reprocessing of deepwater species smooth and black dory, orange roughy, toothfish and by-catches resulted in improved returns. Processing fish waste into meal continued to be a profitable operation as fishmeal prices remain strong.

The San Won coldstore had a better half-year due to continued demand for storage of frozen export seafood and other products.

Freezer Trawlers

The two hoki freezer vessels continue to benefit from increased quotas and improved catch rates in the hoki fishery. All three 64-metre freezer vessels and the 43-metre freezer vessel Petersen are working in the squid fishery this year with record high prices offsetting some variation in catch rates; results over the season have been more than satisfactory.

Freezer Longliners

Ling catching in the early part of the period and later toothfish catches in the Ross Sea fishery have been satisfactory. The vessels from New Zealand and the United Kingdom operating in the Ross Sea toothfish fishery are now certified to Marine Stewardship Council standards, enhancing the position of our products in the market place as prices reach record levels. The San Aspiring suffered a breakdown as it moved to the UK Government-approved toothfish fishing programme in the South Georgia area, but is now repaired and back fishing normally. Servicing a vessel in such a remote area requires special skills both on-board and onshore to secure a successful outcome.

Scampi Freezer Vessels

Scampi fleet configuration changes made last year produced improved catches in the first six months of this year. The additional catch has created a more

challenging market environment but good communication with our major customers is slowly resolving these issues.

Charter Vessels

Our four Korean charter vessels continue to operate satisfactorily and have been successfully targeting barracouta, hoki and squid. Squid catches have been steady as prices continue at record highs.

Quota Trading

Income from quota trading has been lower than previous periods as other operators assess their needs for later in the season.

Pacific Oysters – Kaeo

Results from oyster operations were disappointing as the OsHV-1 ("herpes") virus that has affected oysters throughout the North Island has also decimated our oyster crops and will result in lower harvest volumes in the second six months. The effect on the future viability of both our farming and processing operations is currently being assessed.

Greenshell™ Mussels – Coromandel, Havelock, Christchurch and Bluff

Mussel production volumes have been lower this half as barnacle over settlement in Coromandel has slowed production there. In Havelock production ceased as the plant was upgraded to automated machine-opening technology and gradually came back on line through February. At the Christchurch plant damage from the earthquake was minimal but production halted as staff necessarily took time to deal with their own situations. The Company assisted staff where able, and set up a donation scheme where the Company donated $50,000 to the earthquake relief effort. To date staff, fishermen and contract growers have donated a further $18,000, with the Company agreeing to match 1 for 1, resulting in an overall contribution from Sanford and our people of $86,000.

King Salmon – Stewart Island and Bluff

Salmon harvest quantities were ahead of expectations as technology improvements proved successful. With salmon markets being stronger, more production going into higher value products, and products earlier to market, returns continue to improve.

Directors' Report

Bluff Oysters

Bluff oyster catching continues to be in line with expectations and, with co-operative vessel rotation being introduced in the fishery, cost efficiencies are also being achieved. Production continues to be mostly sold via Sanford outlets throughout the country.

Pacific Tuna Vessels

The three Pacific tuna vessels had very good results for the six months with catches well above average. Two vessels operated in New Zealand waters for the later part of the period before undertaking survey and repairs in New Zealand prior to their return to the Pacific. Prices also improved over the period and large volume sales were made to markets outside the Asia Pacific region.

Australia Seafood Segment

While catching in Australia was up to expectations, market revenue and profitability were reduced as we established new premises in advance of the announced closure date of the Melbourne Wholesale Fish Market on 31 December 2010. A late decision to defer the closure until 30 June 2011 resulted in significant additional operating costs as a result of having two facilities. Redress is being sought from the market owners for the impact of these additional costs.

During the period we sold some surplus fishing licences, quota and buildings that were not required for future operations. Some of the cash flow for these sales occurred in the first-half, some will occur in the next six months and the remainder will be received by end 2011.

Overseas Investments

Weihai Dong Won Food Company Limited, China

The profitability of our 50% investment in Weihai Dong Won Food Company Limited (WDWF) operations in Weihai, China improved significantly through 2010 and a cash dividend will be received as soon as taxation clearance is obtained in China. Labour shortages that occurred throughout 2010 have eased in 2011 and we now have a full complement of staff. A pleasing outcome of the Chinese New Year break was

the introduction of new staff to the business by existing staff who recommended the business as a good place to work.

Consolidated Balance Sheet and Debt

Sanford's ratio of shareholders equity to total assets continues to be strong at 68%, but has reduced in the period as the Pacifica purchase was funded with bank debt. The working capital ratio has improved to 2.32 from 1.56 at end September 2010 as the level of term debt has increased. Inventory levels have increased from $45.6m at end September 2010 to $53.6m at 31 March 2011. We would expect these levels to decline over the next six months.

Our banking facilities are now shared 66% with the ANZ Banking Group and 34% with Rabobank. We have continued to meet all our obligations in respect to our banking arrangements.

Capital Expenditure

Capital expenditure in the period, apart from the Pacifica acquisition, has been limited to the automation of the Havelock mussel processing operation, most of which is now complete, and the upgrading of the new premises in Melbourne, Australia. Major capital expenditure planned at this time will be the upgrade in Christchurch to automated mussel opening machinery which will occur in the 2013 financial year.

Sustainable Development

As part of our commitment to sustainable development and the support of our "Sustainable Seafood" motto we remain committed to ensuring the sustainability of our operations and particularly the resources we harvest. Wherever possible, and financially viable, we will continue to push for international certification and/or accreditation as recognition of our efforts. Our commitments continue to such initiatives as Marine Stewardship Council or equivalent certification of fisheries, ISO 14001 certification of our operations and reporting activities against GRI principles. At the same time we recognise the need for industry leadership and public education on the benefits of responsible and sustainable fishing activity.

Directors' Report

Outlook for the Six Months to 30 September 2011

We expect to see further improvement in profitability from higher prices despite the impact of high fuel prices and the high New Zealand dollar. We continue to be active in foreign exchange hedging in accordance with our policy and expect to continue to be able to minimise the effect of extreme variations of the New Zealand dollar.

Catches and processing of species such as hoki, hake, ling, silver warehou, orange roughy, smooth dory, snapper, tarakihi, trevally and toothfish will continue in accordance with normal patterns. Greenshell mussel production will increase as Havelock and Christchurch approach processing levels of 100 tonnes per day each, which will be shipped to strong markets and contribute to increased profitability. Salmon harvest volumes will be ahead of last year based on current numbers and growth rates. Squid catching success in a period of high prices will have some effect on the final outcome, as will the variable catches of tuna in the Pacific and jack and blue mackerel in New Zealand waters.

We are fortunate having an experienced and talented management team and staff focused on earning returns on assets and capital employed that justify shareholder investment in the Company. Good progress has been achieved in moving to a level of profitability that can be justified at an exchange rate between 70 and 75 cents to the US dollar. We must though, continue our focus on cost control, production efficiency and maximising market returns.

J G Todd
Chairman

15 June 2011

E F Barratt
Managing Director

SANFORD LIMITED
SUSTAINABLE SEAFOOD

Consolidated Condensed Income Statement

For the six months ended 31 March 2011

	Unaudited 6 months ended 31 March 2011	Unaudited 6 months ended 31 March 2010	Audited 12 months ended 30 September 2010
	$000	$000	$000
Revenue	228,030	185,878	421,087
Cost of sales	(188,416)	(163,958)	(351,654)
Gross profit	**39,614**	**21,920**	**69,433**
Other income	3,680	2,054	8,558
Distribution expenses	(15,519)	(12,441)	(26,186)
Administrative expenses	(7,644)	(5,306)	(10,446)
Other expenses	(2,720)	(2,280)	(4,699)
Operating profit	**17,411**	**3,947**	**36,660**
Financial income	4,472	7,337	8,396
Financial expenses	(4,774)	(2,801)	(6,246)
Net finance income	**(302)**	**4,536**	**2,150**
Share of profit (loss) of equity accounted investees	1,111	(509)	(1,042)
Profit before income tax	**18,220**	**7,974**	**37,768**
Income tax (expense)	(5,103)	(2,614)	(12,743)
Profit for the period	**13,117**	**5,360**	**25,025**
Attributable to:			
Equity holders of the Group	13,095	5,340	25,004
Minority interest	22	20	21
	13,117	**5,360**	**25,025**
Earnings per share			
Basic and diluted earnings per share (cents)	14.0	5.7	26.7

Consolidated Condensed Statement of Comprehensive Income

For the six months ended 31 March 2011

	Unaudited 6 months ended 31 March 2011	Unaudited 6 months ended 31 March 2010	Audited 12 months ended 30 September 2010
	$000	$000	$000
Profit for the period (after tax)	**13,117**	**5,360**	**25,025**
Other comprehensive income			
Foreign currency translation differences	823	1,171	1,584
Change in fair value of cash flow hedges	143	(3,165)	(1,394)
Total other comprehensive income (loss) for the period	**966**	**(1,994)**	**190**
Total comprehensive income for the period	**14,083**	**3,366**	**25,215**
Total comprehensive income for the period is attributable to:			
Equity holders of the Group	14,050	3,331	25,173
Minority interest	33	35	42
Total comprehensive income for the period	**14,083**	**3,366**	**25,215**

Consolidated Condensed Statement of Changes in Equity

For the six months ended 31 March 2011

	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 2010	**95,355**	**3,358**	**2,721**	**450,135**	**551,569**	**633**	**552,202**
Profit for the period (after tax)	–	–	–	13,095	13,095	22	13,117
Other comprehensive income							
Foreign currency translation differences	–	811	–	–	811	12	823
Change in fair value of cash flow hedges	–	–	143	–	143	–	143
Total comprehensive income	**–**	**811**	**143**	**13,095**	**14,049**	**34**	**14,083**
Distributions to shareholders	–	–	–	(13,108)	(13,108)	(102)	(13,210)
Balance at 31 March 2011	**95,355**	**4,169**	**2,864**	**450,122**	**552,510**	**565**	**553,075**
Balance at 1 October 2009	**95,355**	**1,795**	**4,115**	**446,665**	**547,930**	**591**	**548,521**
Profit for the period (after tax)	–	–	–	5,340	5,340	20	5,360
Other comprehensive income							
Foreign currency translation differences	–	1,156	–	–	1,156	15	1,171
Change in fair value of cash flow hedges	–	–	(3,165)	–	(3,165)	–	(3,165)
Total comprehensive income	**–**	**1,156**	**(3,165)**	**5,340**	**3,331**	**35**	**3,366**
Distributions to shareholders	–	–	–	(13,108)	(13,108)	–	(13,108)
Balance at 31 March 2010	**95,355**	**2,951**	**950**	**438,897**	**538,153**	**626**	**538,779**
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	–	–	–	(21,534)	(21,534)	–	(21,534)
Balance at 30 September 2010	**95,355**	**3,358**	**2,721**	**450,135**	**551,569**	**633**	**552,202**

Consolidated Condensed Balance Sheet

As at 31 March 2011

	Note	Unaudited 31 March 2011	Unaudited 31 March 2010	Audited 30 September 2010
		$000	$000	$000
Equity				
Paid in capital		95,355	95,355	95,355
Retained earnings		450,122	438,897	450,135
Other reserves		7,033	3,901	6,079
Total equity attributable to shareholders of the Company		**552,510**	**538,153**	**551,569**
Minority interest		565	626	633
Total equity		**553,075**	**538,779**	**552,202**
Non-current liabilities				
Bank loans (secured)	4	190,000	100,000	70,000
Deferred taxation		9,135	4,071	8,070
Total non-current liabilities		**199,135**	**104,071**	**78,070**
Current liabilities				
Bank overdraft and borrowings		28,389	40,265	5,824
Bank loans (secured)	4	–	–	50,000
Derivative financial instruments		816	126	708
Trade creditors		15,010	11,922	13,053
Other liabilities		14,010	14,082	11,347
Employee entitlements		6,834	5,856	6,346
Taxation payable		–	–	1,745
Total current liabilities		**65,059**	**72,251**	**89,023**
Total liabilities		**264,194**	**176,322**	**167,093**
Total equity and liabilities		**817,269**	**715,101**	**719,295**
Non-current assets				
Property, plant and equipment		136,506	109,865	107,685
Investments		11,862	11,639	10,981
Term receivable		–	1,361	–
Biological assets		7,167	4,938	6,730
Intangible assets		510,845	454,515	454,850
Total non-current assets		**666,380**	**582,318**	**580,246**
Current assets				
Cash on hand and at bank		4,045	3,294	10,242
Trade debtors		58,302	38,738	54,294
Derivative financial instruments		5,840	1,685	4,813
Other debtors and prepayments		15,900	17,191	11,454
Current portion of term receivable		1,267	2,823	2,685
Biological assets		10,342	7,953	6,571
Intangible assets		–	–	3,417
Inventories		53,569	57,137	45,573
Taxation receivable		1,624	3,962	–
Total current assets		**150,889**	**132,783**	**139,049**
Total assets		**817,269**	**715,101**	**719,295**

Consolidated Condensed Statement of Cash Flows

For the six months ended 31 March 2011

	Note	Unaudited 6 months ended 31 March 2011 $000	Unaudited 6 months ended 31 March 2010 $000	Audited 12 months ended 30 September 2010 $000
Cash flows from operating activities				
Cash provided from:				
Receipts from customers		226,242	195,674	421,599
Interest received		139	187	444
Dividends received		17	89	94
		226,398	195,950	422,137
Cash applied to:				
Payments to suppliers and employees		207,974	185,792	375,376
Income tax paid		7,443	8,231	9,397
Interest paid		4,424	3,028	5,993
		219,841	197,051	390,766
Net cash flows from operating activities	8	**6,557**	**(1,101)**	**31,371**
Cash flows from investing activities				
Cash provided from:				
Sale of property, plant and equipment		42	77	781
Sale of intangibles		4,704	–	–
Sale of investments and subsidiaries		–	8,507	8,507
Dividends received from associates		553	596	767
Repayment of term receivable		1,487	1,417	2,871
		6,786	10,597	12,926
Cash applied to:				
Purchase of property, plant and equipment		12,713	3,498	8,425
Purchase of intangibles		518	4	4
Acquisition of Pacifica Seafoods	9	85,651	–	–
Acquisition of other investments		–	–	52
		98,882	3,502	8,481
Net cash flows from investing activities		**(92,096)**	**7,095**	**4,445**
Cash flows from financing activities				
Cash provided from:				
Proceeds from borrowings	4	85,000	–	20,000
Cash applied to:				
Dividends paid to shareholders of the Company	5	13,108	13,108	21,534
Dividends paid to minority shareholders		102	–	–
Repayment of bank loan	4	15,000	–	–
		28,210	13,108	21,534
Net cash flows from financing activities		**56,790**	**(13,108)**	**(1,534)**
Net (decrease) increase in cash and cash equivalents		**(28,749)**	**(7,114)**	**34,282**
Effect of exchange rate fluctuations on cash held		(13)	26	19
Cash and cash equivalents at beginning of the period		4,418	(29,883)	(29,883)
Cash and cash equivalents at end of the period		**(24,344)**	**(36,971)**	**4,418**
Represented by:				
Bank overdraft and borrowings		(28,389)	(40,265)	(5,824)
Cash on hand and at bank		4,045	3,294	10,242
		(24,344)	**(36,971)**	**4,418**

SANFORD LIMITED
SUSTAINABLE SEAFOOD

Notes to the Interim Financial Statements

For the six months ended 31 March 2011

1. General Information

The Interim Financial Statements are prepared in accordance with NZ IAS 34 *Interim Financial Reporting.* The Interim Financial Statements and the comparative information for the six months ended 31 March 2010, are unaudited. The comparative information for the year ended 30 September 2010 is audited.

2. Accounting Policies

There have been no changes in accounting policies. All policies have been applied on bases consistent with those used in the previous financial statements. The accounting policies used in the preparation of the Interim Financial Statements are consistent with those of the Financial Statements for the year ended 30 September 2010. To ensure consistency with the current period comparative figures have been restated where appropriate. The Interim Financial Statements should be read in conjunction with the Financial Statements for the year ended 30 September 2010.

3. Segment Reporting

NZ IFRS 8 *Operating Segments* 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 Seafood		Australia Seafood		Eliminations		Total	
	31 March 2011 $000	31 March 2010 $000	31 March 2011 $000	31 March 2010 $000	31 March 2011 $000	31 March 2010 $000	31 March 2011 $000	31 March 2010 $000
Total external revenues	205,767	162,882	22,263	22,996	–	–	228,030	185,878
Inter-segment revenue	643	1,280	–	–	(643)	(1,280)	–	–
Segment revenue	206,410	164,162	22,263	22,996	(643)	(1,280)	228,030	185,878
Segment profit for the period	**11,678**	**5,354**	**306**	**491**	**22**	**24**	**12,006**	**5,869**
Share of profit (loss) of equity accounted investees							1,111	(509)
Profit for the period							**13,117**	**5,360**

HOME

3. Segment Reporting (continued)

(b) Revenue by geographical location of customers

	31 March 2011	31 March 2010
	$000	$000
New Zealand	31,652	31,473
Australia	43,380	43,297
Europe	29,411	19,559
North America	35,562	28,100
Japan	14,769	11,171
China/Hong Kong	12,816	10,951
Korea	20,487	22,859
Other Asia	7,529	8,188
Other	32,424	10,280
Revenue	**228,030**	**185,878**

(c) Assets and liabilities

	New Zealand		Australia		Total	
	31 March 2011	31 March 2010	31 March 2011	31 March 2010	31 March 2011	31 March 2010
	$000	$000	$000	$000	$000	$000
Segment assets	779,339	678,443	26,068	25,019	805,407	703,462
Investment in equity accounted investees	11,862	11,639	–	–	11,862	11,639
Total assets	**791,201**	**690,082**	**26,068**	**25,019**	**817,269**	**715,101**
Segment liabilities	235,345	149,248	28,849	27,074	264,194	176,322
Total liabilities	**235,345**	**149,248**	**28,849**	**27,074**	**264,194**	**176,322**
Capital expenditure	94,537	3,460	1,564	–	96,101	3,460
Depreciation	7,389	6,735	127	97	7,516	6,832

SANFORD LIMITED
SUSTAINABLE SEAFOOD

4. Bank Loans (secured)

	Carrying and face value	
	31 March 2011	31 March 2010
	$000	$000
Balance at 1 October	**120,000**	**100,000**
Issued	85,000	–
Repaid	(15,000)	–
Balance at 31 March	**190,000**	**100,000**
Interest rates applicable	3.50% – 4.25%	3.20% – 3.26%

5. Dividends

The following dividends were declared and paid by the Group for the six months ended 31 March 2011:

	31 March 2011	31 March 2010
	$000	$000
Ordinary dividend (14 cents per share) December 2010 (14 cents December 2009)	13,108	13,108

6. Contingent Liabilities and Commitments

	31 March 2011	31 March 2010
	$000	$000
Commitments to discounted letters of credit	124	369
Guarantees	311	266

7. Christchurch Earthquake

On Tuesday 22 February 2011 an earthquake measuring 6.3 on the Richter scale struck Christchurch city. The financial impact of this event is expected to be minimal with losses expected to be covered by the Group's insurance.

Notes to the Interim Financial Statements

For the six months ended 31 March 2011

8. Reconciliation of Profit for the Period with the Net Cash Flow from Operating Activities

	Unaudited 6 months ended 31 March 2011	Unaudited 6 months ended 31 March 2010	Audited 12 months ended 30 September 2010
	$000	$000	$000
Profit for the period (after tax)	**13,117**	**5,360**	**25,025**
Adjustments for non-cash items			
Depreciation and amortisation	7,516	6,832	13,759
Change in fair value of biological assets	(552)	(942)	(1,086)
Change in fair value of interest rate swaps	359	(245)	337
New Zealand units income	–	–	(3,417)
Change in fair value of foreign exchange contracts	(936)	3,762	3,164
Equity accounted (profit) loss in associated companies	(1,111)	509	1,042
Increase in deferred taxation	1,116	885	4,124
Unrealised foreign exchange (gains)	(233)	(1,182)	(900)
	6,159	**9,619**	**17,023**
Movement in working capital			
(Increase) in debtors and prepayments	(8,014)	(3,186)	(13,166)
(Increase) decrease in inventories	(5,705)	(7,136)	4,434
Increase (decrease) in creditors and other liabilities	4,428	739	(741)
(Decrease) increase in current tax	(3,370)	(6,501)	(795)
	(12,661)	**(16,084)**	**(10,268)**
Items classified as investing activities			
(Gain) loss on sale of property, plant and equipment	(32)	(63)	(476)
(Gain) on sale of intangible asset	(26)	–	–
Loss on sale of other investments	–	67	67
	(58)	**4**	**(409)**
Net cash inflows (outflows) from operating activities	**6,557**	**(1,101)**	**31,371**

9. Pacifica Seafoods Acquisition

On 30 November 2010 the Company acquired the Greenshell™ mussel and Pacific oyster businesses of Pacifica Seafoods for consideration of $85.7m, paid in cash. Acquisition costs of $0.8m associated with the purchase were expensed as incurred and are included in Administrative expenses in the income statement in accordance with NZ IFRS 3 *Business Combinations*.

The recognised values of assets purchased were as follows:

	$000
Intangible assets (marine farm licences and fishing quota)	55,700
Property, plant and equipment	23,599
Shares in unlisted companies	420
Biological assets	3,657
Inventories	2,275
Net identifiable assets and liabilities	**85,651**

No goodwill arose on acquisition. The recognised values above are subject to a detailed fair value exercise which is currently underway and will be completed by 30 September 2011. Due to the integration of Pacifica into existing business infrastructure it is not possible to reliably measure its contribution to the Group since acquisition date.

10. Subsequent Events

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

SANFORD LIMITED
SUSTAINABLE SEAFOOD

Directory

Board of Directors

J G Todd, CBE, Chairman
E F Barratt, Managing Director
D G Anderson
P J Goodfellow
W B Goodfellow
P G Norling

Company Secretary

G L McNamara

Registered Office

22 Jellicoe Street
Freemans Bay
Auckland 1010
New Zealand

Postal Address

PO Box 443
Shortland Street
Auckland 1140
New Zealand

Telephone + 64 9 379 4720
Facsimile + 64 9 309 1190

Website **www.sanford.co.nz**
Email **info@sanford.co.nz**

Stock Exchange

The Company's shares trade on the New Zealand Stock Exchange (NZX).

NZX Trading Code: SAN

The minimum marketable parcel on the Exchange is 50 shares (price $5 to $10 per share) or 100 shares (price $2 to $5 per share).

Share Registrar

Computershare Investor Services Limited
Level 2, 159 Hurstmere Road
Takapuna, Auckland 0622
Private Bag 92 119, Victoria Street West
Auckland 1142, New Zealand

Telephone + 64 9 488 8777
Facsimile + 64 9 488 8787

Enquiries

Shareholders with enquiries about transactions, change of address or dividend payments should contact Computershare Investor Services Limited.

Telephone + 64 9 488 8777
Email **enquiry@computershare.co.nz**

Other queries should be directed to the Company Secretary at the Registered Office.

In memory of
Bruce Sterling Cole

Sadly missed

1 July 1926 – 11 May 2011

Director	**1987–2004**
Deputy Chairman	**2004–2006**
Chairman	**2006–2011**

SANFORD LIMITED
SUSTAINABLE SEAFOOD

22 Jellicoe Street, Freemans Bay, Auckland 1010, New Zealand
PO Box 443, Shortland Street, Auckland 1140, New Zealand

Telephone +64 9 379 4720 Facsimile +64 9 309 1190

Website www.sanford.co.nz Email info@sanford.co.nz