SANFORD

INTERIM REPORT 2016

THINKING FRESH

Maple and ginger scented smoked snapper with prosciutto wrapped mussels and field mushrooms

RECIPE: BACK COVER

FRESH THINKING

As one of New Zealand's largest seafood companies, we never underestimate the responsibility Sanford has to protect and enhance our valuable marine resource.

Our 1,474 people are committed to delivering beautiful New Zealand seafood in the most perfect condition to discerning customers around the globe.

As a business we continue to be driven by our four focus areas of Value, Brand, Innovation and Quality, with fresh thinking applied to how we best serve our commitments and challenges as we continue our journey to be the best seafood company in the world.

PERFORMANCE UPDATE

STAYING – ON – COURSE

Paul Norling
CHAIRMAN

Volker Kuntzsch
CHIEF EXECUTIVE OFFICER

The Directors are pleased to present the Interim Report of Sanford Limited for the six months ended 31 March 2016.

For and on behalf of the Board of Directors:

P G Norling CHAIRMAN
25 May 2016

E M Coutts DIRECTOR
25 May 2016

The increasing emphasis on value creation is delivering encouraging results. While we continue to invest in operational flexibility and efficiency to ensure greater alignment with customer expectations, we are also making good progress towards improved returns for every kg of fish we catch or harvest.

Our net profit after tax (NPAT) for the first half of this financial year has improved by $9.2m (96%) to $18.8m from the same period last year. This result was driven by:

- An improved foreign exchange environment compared to last year's and the company's ability to defend in-market prices against that backdrop;
- Improved salmon business performance driven predominantly by a higher value product cascade and focus on fresh;
- Improved financial performance in the wild catch business delivered from lower catch volumes, with a more targeted product mix, at better prices;
- International Purse Seine (IPS) loss lower than last year after impairment of *San Nikunau*;
- Underperformance in our mussel business compared to last year due to a shortfall in volume and product size resulting from environmental fluctuations; and
- A reduction in overall supply chain costs.

Sanford's trading performance, reflected by the adjusted EBIT (a non GAAP profit measure), has increased 7.3% over the half year period relative to prior year, to $26.8m. Adjusted EBIT, as a proportion of sales, has grown from 11.3% to 12.4%, which reflects better foreign exchange conversions and the focus on more value add fresh and quality products being offered to our customers. Continuing operations revenue has increased by 1.2% year on year against a sales volume reduction of approximately 20%. While the volume decline is not a function of demand, but of operational circumstances further explained below, the revenue trend highlights the significant increase in value per kg.

The positive financial performance for the period has enabled the Board to continue the interim dividend payment of 9 cents per share (fully imputed).

Value creation was mainly impacted by a concerted effort throughout the organisation to dedicate a larger share of our harvest to chilled distribution as opposed to frozen product, thus reducing the supply chain and working capital needs. We have also had a successful toothfish season with the *San Aspiring* and *San Aotea II* in the Ross Sea, which was further boosted by good demand leading to above average sales prices in major international markets.

Our fishing business was otherwise constrained by some vessel mechanical failures, the process of reflagging our foreign charter vessels to the New Zealand flag, which has resulted in fewer fishing days while the necessary formalities were completed, and reduced catches across some species such as skipjack tuna and hoki. We expect to partially improve on this during the remainder of the year. Volume is, to some extent, also impacted by operational decisions favouring value over volume, which has led to reduced harvest on some freezer vessels or reduced throughput in our factories.

NET PROFIT AFTER TAX

$18.8M

FOR THE HALF YEAR,
AN IMPROVEMENT OF $9.2M
FROM THE SAME PERIOD LAST YEAR

In comparison to the prior year, pelagic volumes were affected by the discontinuation of our skipjack tuna fishing operation in the Western and Central Pacific region and a weak skipjack tuna season in New Zealand waters in the first quarter of this calendar year. While the Bangkok price for this commodity has improved over the last six months, it remains at unprofitable levels. Negotiations for the sale of our last remaining vessel from this operation have now been finalised. Unfortunately, given the excess supply of these vessels, which have recently become available in a very weak market, we have had to take a $5m impairment to divest the *San Nikunau*. Whilst disappointing, we are pleased with the overall outcome of divesting the international purse seine fleet and concluding the exit from this unprofitable fishery.

Mussel volumes were affected by climatic circumstances in the first quarter of the year. Following a slow start to the season, a strong El Niño weather pattern led to a stronger than expected growth of mussels and increased supplies of large sized mussels, for which global demand is relatively limited and prices weaker. Due to this shift in size, sales volumes and average prices are currently below prior year. This trend has now been arrested with active intervention to the harvesting profile and supply of medium sized mussels is improving.

The salmon business has performed very well. Most of our product is sold as chilled fillets and portions, predominantly into the New Zealand market. This species proved to be preferred for Christmas and our team in Bluff worked hard to fulfil a record demand over that period.

While our 'focus on fresh' emphasises an increasing allocation of raw material to the chilled sector, we will continue to convert most of our wild catches and aquaculture harvests into frozen product for logistical reasons. Through better alignment with our customer base and a move away from the commodity product market, we will maintain our focus on adding value to these products. Having filled the remaining role on the executive team with the appointment of Andre Gargiulo as Chief Customer Officer, we are a big step closer to this objective. The priority will now be on moving our sales effort closer to customers, whilst continuing the alignment of our product portfolio with their needs.

The Board and Management of Sanford prioritise the health and safety of our employees. It is, therefore, encouraging to note a general downward trend in the frequency of incidents across our vessels and operational sites. In terms of serious harm injuries, we reported seven incidents in the six month period ending March 2015 and four in the first half of 2016. As a result of an increase in incidents in the latter part of the year, the rolling 12 month average currently exceeds the previous year's rolling average. The improving trend over the last six months is certainly pleasing. It is our objective to eliminate serious harm injuries to the greatest extent possible through continuing to increase awareness across the group. This effort is underpinned by a dedicated Health and Safety team, with coordinators at every site, ongoing training, contractor management and regular site visits and participation in site Health and Safety meetings by Board members and the executive team.

Beyond fulfilling customer expectations, our focus on value creation includes the development of the Sanford brand enhanced by a strong New Zealand brand. New Zealand is highly regarded internationally for its sustainability and provenance of seafood, where fishery management practices are amongst the best in the world. It is somewhat disconcerting that recent legislative proposals regarding Marine Protected Areas and dedicated recreational fishing areas may potentially jeopardise these good practices and we are therefore passionately engaged in promoting open dialogue and consultation across all stakeholders with the objective of developing a marine spatial plan that will allow for a sustainable future of all economic and recreational activity in a healthy ocean.

We have asked colleagues across our business to help us compile this half year review from their perspective. Amongst many others, the three areas highlighted on the following pages have been instrumental in the first six months result achievement and we are keen to share more detail with you, our stakeholders.

We look forward to continue working with our teams, at sea and on land, to supply 'Beautiful New Zealand Seafood' in the most efficient and valuable manner to our discerning customers both in New Zealand and around the globe.

Paul Norling
CHAIRMAN

Volker Kuntzsch
CHIEF EXECUTIVE OFFICER

REVIEW

FOCUS – ON – FRESH

Louise Wood
GENERAL MANAGER SUPPLY CHAIN

The global shift of consumers towards high quality fresh foods with a clear provenance and ‘story’ significantly impacted Sanford over the last six months. Being able to capitalise on this growing market trend required the team to work together toward a common goal and improve internal business processes, ultimately building long term team capability.

Believing that New Zealand stands for excellent provenance and Sanford for ‘Beautiful New Zealand Seafood’, the executive team challenged the business in 2015 to grow its fresh chilled seafood sales, volume and value by 30% over the prior year. This was to happen on the premise of building skills and processes to improve team communication and collaboration, setting targets, measuring performance and recognising achievement. The challenge was to ensure the goal was widely understood across the whole business – all 1,474 employees and share fishers. This meant the executive team getting out and about across the five processing sites to share the vision and promote the change of focus away from purely frozen commodity products, while still recognising its importance to the business. It was essential to connect with everyone across the organisation who plays a role in getting fresh, beautiful New Zealand seafood to consumers every day.

Some of the obstacles the team had to overcome were as simple as getting catch on board information (species and volume), at the right time of the day, to the Auckland based sales team so they could offer fish to our customers and confirm orders prior to it even being unloaded. The processing sites are then able to pack fish to order on landing and deliver these via various transport methods to meet customer deadlines, whilst ensuring the freshness and quality of the seafood is never compromised.

A lot of effort and passion went into turning the vision into reality. Many people across the fishing fleet, processing sites and logistics team enabled the move towards fresh seafood and its delivery both within New Zealand and overseas. The sales team are continuing to develop relationships with distributors and customers who also see the value in our highly prized catch and it is a great privilege to know that fish caught off the Southern Coast of the South Island can be enjoyed in a restaurant in Hong Kong or California within a couple of days of being caught.

The ‘focus on fresh’ has certainly allowed our teams to get to know each other better, encourage more cross functional exchange of ideas and work towards a common goal.

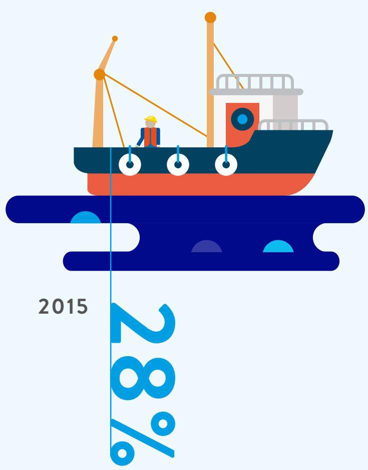
As we continue to grow this important part of our business into the second half of the year, we need to translate the strong platform that has been created into continuing to partner with our logistics suppliers – freight forwarders, airlines, couriers and transport companies for available capacity. We are fortunate in New Zealand that new airline freight routes are constantly being added, providing more capacity into South East Asia, Australia and the United States. Collaborating with others helps us focus on our core skills of harvesting and handling seafood with care.

Innovation will continue to be a factor to help Sanford grow its fresh chilled seafood volumes and opportunities to improve our packaging and our brand will bring us even closer to connecting with consumers and sharing our love of Kai Moana. Tiaki, premium quality fish caught through the Precision Seafood Harvesting technology, will also allow us to present our sustainability credentials in a transparent and traceable manner.

All these elements come together to provide a really exciting challenge for all of us here at Sanford to sustainably grow our business, work together and share our love of seafood with the rest of the world!

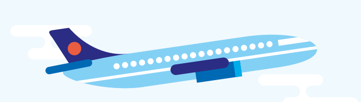
QUALITY

Wild-caught MSC Certified



An important part of the food safety and quality story is being able to prove that fisheries are both well-managed and ecologically sustainable so that the quality of raw materials is maximised. The MSC-certification provides a scientific standard for assessing this.

BRAND



With airline freight routes constantly added, more capacity is provided to markets in South East Asia, Australia and the United States.

REVIEW

MUSSELS: IT'S THE WEATHER!

Ted Culley
GENERAL MANAGER PROCESSING

Following five years of strong La Niña and very weak El Niño weather patterns we saw the Southern Oscillation Index turn into a strong El Niño in the latter part of 2015. This was immediately evident in our Greenshell mussels being in great condition compared to the previous season. These weather patterns and the associated Nor West winds facilitate the replenishment of nutrients in the waters around the North Island and the top of the South Island, where we grow our mussels. North Island Mussels Limited (NIML), a joint venture between Sanford and Cedenco, had its seasonal start delayed by an algal bloom, but when harvesting commenced, mussel yields were exceptional as a result of the bloom and El Niño.

The NIML plant in Tauranga and our Havelock factory in the Marlborough Sounds have been processing medium half shell mussels at around 32 pieces per kg compared to last year's 42 pieces per kg, indicating the significant improvement in mussel condition this year.

The weather pattern has certainly been excellent for mussels, but has challenged our traditional markets, as we had to pack up to 50% of the half shell production as large grade, while the market prefers medium grade mussels. As a consequence, we diverted our production into alternative products (such as meat and powders) and improved our alignment with market requirements. The plants were faced with some processing challenges resulting from these unprecedented changes, but have since adapted well to the new requirements.

Although mussels were in good condition throughout the first part of this year, we do expect total volume for the New Zealand industry as a whole, not to exceed 81,000 tonnes for the 12 months, compared to 92,000 tonnes last year. This is the lowest volume harvested by industry since 2006. Poor spat supply and growing conditions over the last two years are the reason for the reduced raw material supply.

Sanford's mussel farming operations with its geographical spread around New Zealand, including trials in off-shore areas and the emerging spat volumes from Shellfish Production and Technology (SPATnz), are well placed to achieve increased raw material supply in line with market demands and our plans for this business.

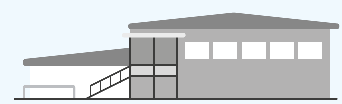
The SPATnz hatchery opened in Nelson in April last year and has been performing to expectations. The hatchery is fertilising two billion eggs every six weeks. These grow into spat that will produce around 10,000 tonnes of Greenshell mussels at harvest annually. The hatchery team continue to make research discoveries that improve consistency of the spat production process and better understand particular traits of the different mussel families. Plans are underway to move the capacity of the hatchery to 30,000 tonnes by the end of this financial year. The advantages of hatchery spat over wild sourced spat are a consistent and reliable supply coupled with superior performance. We are very excited about this development, which we believe will be a significant factor in the ongoing development of the Greenshell mussel industry in New Zealand.

Our Havelock processing plant focuses on innovation and continuously investigates new processing technology. We have a major initiative scheduled for later this year with the installation of a colour sorter that will sort raw material prior to processing to remove blue mussels, marine waste and broken mussels, which will take plant productivity to a new level.

We sincerely appreciate the hard work from our loyal staff and the continued support from our contract growers, which enables our continued success.

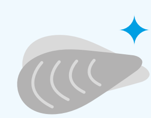
VALUE INNOVATION

SPATnz Hatchery



STATE OF THE ART FACILITY, DESIGNED AND BUILT FOR PURPOSE

SOPHISTICATED SYSTEMS FOR ENVIRONMENTAL CONTROL, MONITORING AND ALARMS



PRODUCING A WIDE RANGE OF HIGH-PERFORMING MUSSEL STRAINS

2 BILLION

EGGS EVERY 6 WEEKS THAT GROW INTO SPAT THAT WILL PRODUCE APPROXIMATELY

10,000

TONNES OF GREENSHELL MUSSELS AT HARVEST ANNUALLY. PLANS ARE IN PROGRESS TO INCREASE CAPACITY TO

30,000

TONNES BY THE END OF FINANCIAL YEAR 2016

RESPECTING – THE – DEEP SOUTH

John Bennett
SKIPPER, SAN ASPIRING

In 1996 most Kiwi fishermen didn't know Antarctic toothfish even existed and the Ross Sea was that cold place 1,400 nautical miles south of Bluff Harbour where heroes perished discovering the last unexplored regions of our planet.

It is now, however, an important fishery for Sanford and the 2015-16 Ross Sea Antarctic toothfish season was another good one and produced an excellent contribution for the first six months of this financial year.

Back in 1998 industry managers and fishing skippers from two companies and New Zealand scientists formed a partnership that pooled enough resources for a single exploratory voyage to the Deep South. The objective was to identify potential fishing grounds and answer some vital questions regarding fishing in such a remote and untouched place. That trip was encouraging enough for Sanford to purchase a suitable ice class vessel, *San Aotea II*, the following year. Now 18 years later around 15 vessels from 9 nations regularly operate in the Ross Sea toothfish fishery and other Southern fishing grounds.

The Convention for the Conservation of Antarctic Marine Living Resources (CCAMLR) governs all fishing activity in Antarctic waters and is administered by a Commission comprising 24 states and the European Union. We are proud to be part of the Sanford team that championed the process that led to granting of Marine Stewardship Council (MSC) certification. All of our crew understand what this certification means and the rigorous process required to maintain it. The granting of MSC certification to the Ross Sea fishery in 2011 and subsequent recertification this year has been a direct result of the excellent cooperation, and at times frank dialogue, coupled with a desire to reach understanding between major stakeholders including fishing industry, Government and Non Governmental Organisations (NGOs).

Sanford has always believed that the hard yards put into accurate record keeping, tagging toothfish and supporting high-quality scientific research is vital for accurate stock assessments and ultimately our long-term future in the fishery. Combined with CCAMLR's precautionary catch limits and ecosystem based approach to fisheries management, we are confident the fishery will continue to support Sanford and our families far into the future.

It was great to see the New Zealand Defence Force patrolling our Ross Dependency once again. This year, for the first time, the New Zealand Navy was joined by a British naval vessel to undertake fisheries patrol activities in the Ross Sea. A number of registered fishing vessels were boarded and checked for compliance with CCAMLR conservation measures. IUU (illegal, unreported and unregulated, i.e. pirate) vessels have never been an issue in the Ross Sea; this is a reflection of both the vigilance of our defence forces and the registered fleet. Limited IUU activity has been found to the West of the Ross Sea and effectively stopped by naval presence.

San Aotea II is still operating, along with the *San Aspiring* which we purchased in 2004. As one of the original skippers in the fishery, I have always enjoyed watching my crew rise to the occasion each season preparing for another Antarctic voyage. We have to provision for our maximum duration of three months, all qualifications and training records must be up to date, everyone has a physical check-up before sailing (including the dentist). Both, the impact on the person and the 8-day steam home for medical assistance, make accidents or illnesses something we wish to avoid. The older hands regale new crew with tales of full immersion suit drills in icy waters and chipping ice from ships in bad weather. The reality too is very similar, frequent emergency drills of all types are carried out throughout the trip and yes, some ice gets chipped as well.

ANTARCTIC TOOTHFISH
Dissostichus mawsoni

> One of the greatest challenges of the fishery has always been the Antarctic sea ice. It quickly gained its own moniker – the Great White Monster.

One of the greatest challenges of the fishery has always been the Antarctic sea ice. It quickly gained its own moniker – the Great White Monster. Timing of trips is critical; the ice only lets vessels in for three months of the year and we need to be heading home by early March or risk getting frozen in for winter. Nowadays, experience, high resolution satellite images and ice data help us navigate in this harsh challenging environment.

We are looking forward to the season ahead. Working for Sanford is challenging, rewarding and darn right exciting most of the time… bring it on team!

NON-GAAP PROFIT MEASURES

Sanford's standard profit measure prepared under New Zealand GAAP is net profit. Sanford has used non-GAAP measures when discussing financial performance in this document. The Directors and management believe that these measures provide useful information as they are used internally to evaluate divisional and total company performance and to establish operating and capital budgets. Non-GAAP profit measures are not prepared in accordance with NZ IFRS (New Zealand International Reporting Standards) and are not uniformly defined, therefore the non-GAAP profit measures included in this report are not comparable with those used by other companies. They should not be viewed in isolation or as a substitute for GAAP profit measures as reported by Sanford in accordance with NZ IFRS.

DEFINITIONS

Reported EBIT: Earnings before interest, taxation, non-trading total currency exchange (gains) losses and gain on sales of intangible and long term assets.

Adjusted EBIT: As reported EBIT and additionally taking account of impairment, restructuring costs and non-trading discontinued operations transactions.

GAAP TO NON-GAAP RECONCILIATION

	Unaudited 6 months ended 31 March 2016 $000	Unaudited 6 months ended 31 March 2015 $000	Audited 12 months ended 30 September 2015 $000
Reported net profit for the period (GAAP)	**18,785**	**9,563**	**13,802**
Add back:			
Income Tax Expense	7,007	3,772	8,024
Net interest	4,043	4,886	9,460
Net loss (gain) on sale of investments, property, plant & equipment	152	(58)	(136)
Deduct:			
Non-trading exchange (gains) losses	(7,345)	4	4,963
Reported EBIT	**22,642**	**18,167**	**36,113**
Adjustments:			
Discontinued operations – non-trading	(869)	–	–
Impairment of assets	5,000	6,787	13,287
Restructuring costs	–	–	3,048
Adjusted EBIT	**26,773**	**24,954**	**52,448**

CONSOLIDATED CONDENSED INCOME STATEMENT

FOR THE SIX MONTHS ENDED 31 MARCH 2016	Note	**Unaudited 6 months ended 31 March 2016 $000**	Unaudited 6 months ended 31 March 2015 (i) $000	Audited 12 months ended 30 September 2015 $000
Continuing Operations				
Revenue		215,649	212,987	444,289
Cost of sales		(163,513)	(158,558)	(326,689)
Gross profit		**52,136**	**54,429**	**117,600**
Other income		2,292	2,924	4,424
Distribution expenses		(11,509)	(14,273)	(28,357)
Administrative expenses		(11,722)	(9,738)	(21,302)
Other expenses	8	(4,891)	(5,029)	(22,557)
Operating profit		**26,306**	**28,313**	**49,808**
Finance income		7,686	183	263
Finance expenses		(4,383)	(5,063)	(14,669)
Net finance income		**3,303**	**(4,880)**	**(14,406)**
Share of profit of equity accounted investees		314	226	1,190
Profit before income tax		**29,923**	**23,659**	**36,592**
Income tax expense		(8,164)	(6,662)	(12,149)
Profit for the period from continuing operations		**21,759**	**16,997**	**24,443**
Discontinued Operations				
Loss for the period from discontinued operations net of tax (attributable to equity holders of the parent)	10,12	(2,974)	(7,434)	(10,641)
Profit for the period		**18,785**	**9,563**	**13,802**
Profit attributable to:				
Equity holders of the group		18,780	9,554	13,823
Non controlling interest		5	9	(21)
		18,785	**9,563**	**13,802**
Earnings per share from continuing and discontinued operations attributable to equity holders of the company during the period (expressed in cents per share)				
Basic and diluted earnings per share (cents)				
From continuing operations		23.2	18.2	26.2
From discontinued operations		(3.1)	(8.0)	(11.4)
From profit for the period		20.1	10.2	14.8

(i) Certain amounts shown above do not correspond to the Interim Report as at 31 March 2015 and reflect adjustments made as detailed in Note 12: Disclosure Change.

CONSOLIDATED CONDENSED STATEMENT OF COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 31 MARCH 2016	**Unaudited 6 months ended 31 March 2016 $000**	Unaudited 6 months ended 31 March 2015 $000	Audited 12 months ended 30 September 2015 $000
Profit for the period (after tax)	**18,785**	**9,563**	**13,802**
Other comprehensive income			
Items that may be reclassified to the income statement:			
Foreign currency translation differences	47	(854)	(132)
Change in fair value of cash flow hedges	26,933	(5,078)	(35,192)
Income tax on cash flow hedges	(7,541)	1,422	9,854
Items that may not be reclassified to the income statement:			
Share-based payment expenses	72	41	97
Other comprehensive income for the period	**19,511**	**(4,469)**	**(25,373)**
Total comprehensive income for the period	**38,296**	**5,094**	**(11,571)**
Total comprehensive income for the period is attributable to:			
Equity holders of the group	38,291	5,105	(11,539)
Non controlling interest	5	(11)	(32)
Total comprehensive income for the period	**38,296**	**5,094**	**(11,571)**
Total comprehensive income attributable to equity shareholders arises from:			
Continuing operations	41,270	12,528	(930)
Discontinued operations	(2,974)	(7,434)	(10,641)
	38,296	**5,094**	**(11,571)**

CONSOLIDATED CONDENSED STATEMENT OF FINANCIAL POSITION

AS AT 31 MARCH 2016	Note	Unaudited 6 months ended 31 March 2016 $000	Unaudited 6 months ended 31 March 2015 $000	Audited 12 months ended 30 September 2015 $000
Paid in capital		94,860	94,971	95,027
Retained earnings		446,682	445,145	440,996
Other reserves		(4,505)	(2,975)	(23,944)
Total equity attributable to shareholders of the company		**537,037**	**537,141**	**512,079**
Non controlling interest		429	472	451
Total equity		**537,466**	**537,613**	**512,530**
Non-current liabilities				
Term loans (secured)	4	123,040	164,340	88,160
Contributions received in advance		3,740	3,589	3,609
Employee entitlements		1,819	1,907	1,892
Derivative financial instruments		8,369	4,164	25,621
Deferred taxation		5,551	8,629	(1,495)
Lease obligation		924	956	941
Total non-current liabilities		**143,443**	**183,585**	**118,728**
Current liabilities				
Bank overdraft and borrowings (secured)	4	55,606	26,176	56,218
Current portion of term loan (secured)	4	–	10,360	10,402
Derivative financial instruments		6,078	2,798	15,139
Trade creditors		10,830	12,109	5,298
Other creditors, provisions and accruals		13,329	15,619	16,002
Employee entitlements		6,909	6,221	6,899
Taxation payable		3,017	1,512	1,429
Liabilities held for sale	10a	347	–	2,695
Total current liabilities		**96,116**	**74,795**	**114,082**
Total liabilities		**239,559**	**258,380**	**232,810**
Total equity and liabilities		**777,025**	**795,993**	**745,340**
Non-current assets				
Property, plant and equipment		95,810	120,751	93,658
Investments		11,083	10,654	10,964
Derivative financial instruments		7,887	146	–
Biological assets		12,778	10,855	12,654
Intangible assets		500,323	507,495	500,356
Total non-current assets		**627,881**	**649,901**	**617,632**
Current assets				
Cash on hand and at bank		8,635	5,225	5,960
Trade debtors		63,044	55,556	51,305
Derivative financial instruments		149	1,370	–
Other debtors and prepayments		9,600	17,432	3,472
Biological assets		13,423	12,048	12,349
Inventories		41,266	54,361	36,433
Non-current assets held for sale	10a	13,027	100	18,189
Total current assets		**149,144**	**146,092**	**127,708**
Total assets		**777,025**	**795,993**	**745,340**

CONSOLIDATED CONDENSED STATEMENT OF CASH FLOWS

FOR THE SIX MONTHS ENDED 31 MARCH 2016	Note	**Unaudited 6 months ended 31 March 2016 $000**	Unaudited 6 months ended 31 March 2015 $000	Audited 12 months ended 30 September 2015 $000
Cash flows from operating activities				
Receipts from customers		200,353	224,242	474,618
Interest received		340	170	191
Dividends received		–	12	17
Payments to suppliers and employees		(188,017)	(212,815)	(400,856)
Income tax paid		(6,746)	(4,615)	(9,255)
Interest paid		(4,330)	(5,258)	(9,746)
Net cash flows from operating activities	5	**1,600**	**1,736**	**54,969**
Cash flows from investing activities				
Sale of property, plant and equipment		11	548	10,045
Contributions received in advance		130	1,079	1,099
Sale of investments		–	10	–
Dividends received from associates		195	–	664
Purchase of property, plant and equipment		(9,608)	(7,847)	(16,076)
Purchase of business	11	–	(1,940)	(1,940)
Net cash flows used in investing activities		**(9,272)**	**(8,150)**	**(6,208)**
Cash flows from financing activities				
Proceeds from borrowings	4	39,880	19,624	18,489
Repayment of term loan	4	(15,402)	(5,000)	(80,003)
Dividends paid to parent shareholders	6	(13,094)	(13,100)	(21,518)
Dividends paid to non controlling shareholders in subsidiaries		(27)	–	–
Purchase of own shares		(239)	(222)	(222)
Net cash flows from/(used in) financing activities		**11,118**	**1,302**	**(83,254)**
Net increase/(decrease) in cash and cash equivalents		**3,446**	**(5,112)**	**(34,493)**
Effect of exchange rate fluctuations on cash held		(159)	(18)	56
Cash and cash equivalents at beginning of the period		(50,258)	(15,821)	(15,821)
Cash and cash equivalents at end of the period		**(46,971)**	**(20,951)**	**(50,258)**
Represented by:				
Bank overdraft and borrowings at call		(55,606)	(26,176)	(56,218)
Cash on hand and at bank		8,635	5,225	5,960
		(46,971)	**(20,951)**	**(50,258)**

CONSOLIDATED CONDENSED STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 31 MARCH 2016	Share Capital $000	Treasury Shares $000	Translation Reserve $000	Cashflow Hedge Reserve $000	Retained Earnings $000	Total $000	Non Controlling Interest $000	Total Equity $000
Balance at 1 October 2015 (audited)	**95,355**	**(328)**	**520**	**(24,464)**	**440,996**	**512,079**	**451**	**512,530**
Profit for the period (after tax)	–	–	–	–	18,780	18,780	5	18,785
Other comprehensive income								
Foreign currency translation differences	–	–	47	–	–	47	–	47
Change in fair value of cash flow hedges	–	–	–	26,933	–	26,933	–	26,933
Income tax on cash flow hedges	–	–	–	(7,541)	–	(7,541)	–	(7,541)
Share based payment expenses	–	72	–	–	–	72	–	72
Total comprehensive income	–	**72**	**47**	**19,392**	**18,780**	**38,291**	**5**	**38,296**
Acquisition of treasury shares	–	(239)	–	–	–	(239)	–	(239)
Distributions to shareholders	–	–	–	–	(13,094)	(13,094)	(27)	(13,121)
Balance at 31 March 2016 (unaudited)	**95,355**	**(495)**	**567**	**(5,072)**	**446,682**	**537,037**	**429**	**537,466**
Balance at 1 October 2014 (audited)	**95,355**	**(203)**	**641**	**874**	**448,691**	**545,358**	**483**	**545,841**
Profit for the period (after tax)	–	–	–	–	9,554	9,554	9	9,563
Other comprehensive income								
Foreign currency translation differences	–	–	(834)	–	–	(834)	(20)	(854)
Change in fair value of cash flow hedges	–	–	–	(5,078)	–	(5,078)	–	(5,078)
Income tax on cash flow hedges	–	–	–	1,422	–	1,422	–	1,422
Share based payment expenses	–	41	–	–	–	41	–	41
Total comprehensive income	**–**	**41**	**(834)**	**(3,656)**	**9,554**	**5,105**	**(11)**	**5,094**
Acquisition of treasury shares	–	(222)	–	–	–	(222)	–	(222)
Distributions to shareholders	–	–	–	–	(13,100)	(13,100)	–	(13,100)
Balance at 31 March 2015 (unaudited)	**95,355**	**(384)**	**(193)**	**(2,782)**	**445,145**	**537,141**	**472**	**537,613**

CONSOLIDATED CONDENSED STATEMENT OF CHANGES IN EQUITY (CONTINUED)

FOR THE SIX MONTHS ENDED 31 MARCH 2016	Share Capital $000	Treasury Shares $000	Translation Reserve $000	Cashflow Hedge Reserve $000	Retained Earnings $000	Total $000	Non Controlling Interest $000	Total Equity $000
Balance at 1 October 2014 (audited)	**95,355**	**(203)**	**641**	**874**	**448,691**	**545,358**	**483**	**545,841**
Profit for the period (after tax)	–	–	–	–	13,823	13,823	(21)	13,802
Other comprehensive income								
Foreign currency translation differences	–	–	(121)	–	–	(121)	(11)	(132)
Change in fair value of cash flow hedges	–	–	–	(35,192)	–	(35,192)	–	(35,192)
Income tax on cash flow hedges	–	–	–	9,854	–	9,854	–	9,854
Share based payment expenses	–	97	–	–	–	97	–	97
Total comprehensive income	**–**	**97**	**(121)**	**(25,338)**	**13,823**	**(11,539)**	**(32)**	**(11,571)**
Acquisition of treasury shares	–	(222)	–	–	–	(222)	–	(222)
Distributions to shareholders	–	–	–	–	(21,518)	(21,518)	–	(21,518)
Balance at 30 September 2015 (audited)	**95,355**	**(328)**	**520**	**(24,464)**	**440,996**	**512,079**	**451**	**512,530**

1. GENERAL INFORMATION

Sanford Limited is a profit-oriented company that is domiciled and incorporated in New Zealand. The company is registered under the New Zealand Companies Act 1993 and listed on the New Zealand Stock Exchange (NZX). The company is an FMC entity for the purposes of the Financial Reporting Act 2013 and the Financial Markets Conduct Act 2013.

The financial statements presented are for Sanford Limited ('Sanford' or 'the group') as at and for the six months ended 31 March 2016.

The group comprises Sanford Limited (the parent or 'company'), its subsidiaries, joint arrangements and associates.

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 2015, are unaudited. The comparative information for the year ended 30 September 2015 is audited.

The group is a large and long-established fishing and aquaculture company devoted to producing premium seafood for domestic and international customers.

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.

To ensure consistency with the current period, comparative figures have been restated where appropriate. Additionally a disclosure change is described at note 12. The interim financial statements should be read in conjunction with the financial statements for the year ended 30 September 2015.

3. SEGMENT REPORTING

The executive management of the group monitors the operating results of wild catch and aquaculture divisions separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on the operating profit or loss. Capital expenditure consists of additions of property, plant and equipment.

The group's operating segments are:

Wild catch comprising:

- Inshore fishing – responsible for catching and processing inshore fish species.
- Deepwater fishing – responsible for catching deepwater fish species; several of the deepwater vessels also have processing facilities on board.

Aquaculture comprising:

- the farming, harvesting and processing of mussels and salmon.

The group has determined that the above operating segments should be aggregated to form one reportable segment to reflect the farming, harvesting, processing and selling of seafood products. Further information on segment reporting is included in the financial statements for the year ended 30 September 2015.

NOTES TO THE INTERIM FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 31 MARCH 2016

3. SEGMENT REPORTING (CONTINUED)

(a) Income and expenditure (continuing operations)

	New Zealand			Australia		
	Unaudited 31 March 2016 $000	Unaudited 31 March 2015 $000	Audited 30 September 2015 $000	**Unaudited 31 March 2016 $000**	Unaudited 31 March 2015 $000	Audited 30 September 2015 $000
Total external revenues	199,903	199,431	418,479	15,746	13,556	25,810
Inter-segment revenue	1,117	1,952	3,757	–	–	–
Segment revenue	201,020	201,383	422,236	15,746	13,556	25,810
Segment profit for the period	**21,367**	**16,644**	**29,502**	**78**	**127**	**(6,249)**
Share of profit of equity accounted investees						
Reported profit for the period						

Inter-segment Transactions

Inter-segment revenues are eliminated upon consolidation and reflected in the eliminations column.

(b) Assets and liabilities

	New Zealand			Australia		
	Unaudited 31 March 2016 $000	Unaudited 31 March 2015 $000	Audited 30 September 2015 $000	**Unaudited 31 March 2016 $000**	Unaudited 31 March 2015 $000	Audited 30 September 2015 $000
Segment assets	755,104	753,375	718,933	6,878	10,687	6,484
Investment in equity accounted investees	10,949	10,529	10,829	–	–	–
Total assets	**766,053**	**763,904**	**729,762**	**6,878**	**10,687**	**6,484**
Segment liabilities	217,654	234,948	209,098	21,558	18,193	21,017
Total liabilities	**217,654**	**234,948**	**209,098**	**21,558**	**18,193**	**21,017**
Capital expenditure	9,506	7,663	15,182	–	–	9
Depreciation and amortisation	7,437	7,238	14,675	67	64	132

Eliminations			Total		
Unaudited 31 March 2016 $000	Unaudited 31 March 2015 $000	Audited 30 September 2015 $000	**Unaudited 31 March 2016 $000**	Unaudited 31 March 2015 $000	Audited 30 September 2015 $000
–	–	–	215,649	212,987	444,289
(1,117)	(1,952)	(3,757)	–	–	–
(1,117)	(1,952)	(3,757)	215,649	212,987	444,289
–	**–**	**–**	**21,445**	**16,771**	**23,253**
			314	226	1,190
			21,759	**16,997**	**24,443**

Discontinued Operations			Total		
Unaudited 31 March 2016 $000	Unaudited 31 March 2015 $000	Audited 30 September 2015 $000	**Unaudited 31 March 2016 $000**	Unaudited 31 March 2015 $000	Audited 30 September 2015 $000
4,094	21,402	9,094	766,076	785,464	734,511
–	–	–	10,949	10,529	10,829
4,094	**21,402**	**9,094**	**777,025**	**795,993**	**745,340**
347	5,239	2,695	239,559	258,380	232,810
347	**5,239**	**2,695**	**239,559**	**258,380**	**232,810**
–	2,124	2,124	9,506	9,787	17,315
–	1,640	2,094	7,504	8,942	16,901

3. SEGMENT REPORTING (CONTINUED)

(c) Revenue by destination of sale – continuing operations

	Unaudited 6 months ended 31 March 2016 $000	Unaudited 6 months ended 31 March 2015 $000	Audited 12 months ended 30 September 2015 $000
New Zealand	68,717	58,963	120,268
Australia	37,037	37,084	71,039
Europe	20,864	23,974	49,494
North America	34,868	40,257	87,021
Japan	6,228	9,947	22,653
China	19,182	9,326	21,484
Hong Kong	2,020	3,347	8,684
Korea	7,554	8,348	14,112
Other Asia	8,073	8,478	16,862
Africa	6,001	7,972	16,403
Middle East	3,213	3,384	8,666
Pacific	1,269	892	1,869
Other	623	1,015	5,734
Revenue	**215,649**	**212,987**	**444,289**

Sales to one customer for the period accounted for $31.2m or 14% of sales from continuing operations (March 2015: $23.2m and 11%, September 2015: $48.4m and 11%).

4. BANK LOANS (SECURED)

	Carrying and face value		
	Unaudited 31 March 2016 $000	Unaudited 31 March 2015 $000	Audited 30 September 2015 $000
Balance at beginning of period	**154,780**	**178,361**	**178,361**
Term			
Issued	39,880	19,624	18,489
Repaid	(15,402)	(5,000)	(80,003)
Bank overdraft and short term borrowings			
Movement	(612)	7,891	37,933
Balance at end of period	**178,646**	**200,876**	**154,780**
Interest rates applicable	3.34% – 6.37%	4.15% – 5.73%	3.31% – 5.44%

Bank loans are secured by a general security interest over property and a mortgage over quota shares.

All borrowings are secured and subject to borrowing covenant arrangements. Sanford Limited has complied with all covenants during the period (March and September 2015: all covenants were complied with).

Sanford's joint operation North Island Mussels Limited (NIML) no longer has external debt subject to covenant (March and September 2015: all covenants complied with).

The repayment dates of secured term loans outstanding at 31 March 2016 are: 30 April 2018 – $30m , 30 April 2019 – $68.04m, 30 April 2020 – $25m. Interest rates for all loans are floating based on the bank bill rate plus a margin. Sanford's policy for term loans is to hedge 25% to 75% of floating rate debt by using interest rate swaps.

5. RECONCILIATION OF PROFIT FOR THE PERIOD WITH THE NET CASH FLOW FROM OPERATING ACTIVITIES

	Unaudited 31 March 2016 $000	Unaudited 31 March 2015 $000	Audited 30 September 2015 $000
Profit for the period (after tax)	**18,785**	**9,563**	**13,802**
Adjustments for non-cash items			
Depreciation and amortisation	7,504	8,942	16,901
Impairment of property, plant and equipment	5,000	6,787	6,787
Impairment of intangible assets	–	–	6,500
Long term incentive fair value adjustment	72	41	97
Change in fair value of biological assets	(1,199)	156	(1,944)
Change in fair value of fuel swaps	(138)	(121)	118
Change in fair value of interest rate swaps	–	(26)	(77)
Change in fair value of foreign exchange options	(4,317)	(119)	1,632
Change in fair value of foreign exchange contracts	(2,961)	51	3,213
Equity accounted (profit) in associated companies	(314)	(226)	(1,190)
(Decrease) in deferred taxation	(1,430)	(1,988)	(2,450)
Unrealised foreign exchange losses	1,575	3,116	2,791
	3,792	**16,613**	**32,378**
Movement in working capital			
(Increase) decrease in debtors and prepayments	(19,252)	(7,648)	11,147
(Increase) in inventories	(4,829)	(19,389)	(1,422)
Increase (decrease) in creditors and other liabilities	1,364	1,657	(1,738)
Increase in current tax	1,588	998	938
	(21,129)	**(24,382)**	**8,925**
Items classified as investing activities			
Loss (gain) on sale of property, plant and equipment	152	(58)	(136)
	152	**(58)**	**(136)**
Net cash inflows from operating activities	**1,600**	**1,736**	**54,969**

NOTES TO THE INTERIM FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 31 MARCH 2016

6. DIVIDENDS

The following dividends were declared and paid by the group:

	Unaudited 6 months ended 31 March 2016 $000	Unaudited 6 months ended 31 March 2015 $000	Audited 12 months ended 30 September 2015 $000
Ordinary dividend (14 cents per share) December 2015 (14 cents December 2014, 9 cents June 2015)	13,094	13,100	21,518

On 25 May 2016 the Directors approved an interim dividend of 9 cents per share (fully imputed) to be paid on 17 June 2016. This dividend has not been provided for in the accounts at 31 March 2016.

7. CONTINGENT LIABILITIES AND COMMITMENTS

(a) Contingent liabilities

	Unaudited 31 March 2016 $000	Unaudited 31 March 2015 $000	Audited 30 September 2015 $000
Guarantees (joint operation)	–	10,125	10,125
Guarantees (other)	3,686	3,382	3,942

The guarantee for the joint operation was related to a bank loan held by North Island Mussels Limited. The loan has been repaid during the period and so the guarantee is no longer required. The group considers guarantees to be insurance arrangements and accounts for them as such. In this respect the group treats the guarantee contracts as contingent liabilities until such time as it becomes probable that the group will be required to make payments under the guarantees.

(b) Commitments

The group has a capital expenditure commitment for a freezer trawler as at 31 March 2016 of $19.5m (30 September 2015: $26.4m, 31 March 2015: nil).

8. IMPAIRMENT OF NON-CURRENT ASSETS

31 March 2016

For the six months ended 31 March 2016 the carrying value of the remaining International Purse Seine (IPS) vessel *San Nikunau* was reviewed and a further impairment of $5m was recognised in the results of discontinued operations in the income statement for the six months ended 31 March 2016.

30 September 2015

An impairment charge of $6.5m was recognised in the year ended 30 September 2015 in respect of the carrying value of Australian fishing quota and licences. The impairment reflected the challenges faced by Sanford to catch a sufficient and profitable quantum of fish in the Great Australian Bight to support the value of this asset.

31 March 2015

In 2015 a decision was made to exit the IPS business and offer the IPS vessels for sale, one vessel being sold by 30 September 2015. The vessels were fair valued in March 2015, resulting in an impairment of $6m, which was recorded in the income statement for the six months ended 31 March 2015 and for the year ended 30 September 2015. A write down in respect of the Christchurch mussel processing plant and equipment of $0.8m was recognised in other expenses in the income statement. This impairment reflected an independent valuation of assets, in light of the subsequent event announcement to close the Christchurch site.

No other impairments have been identified in respect of property, plant and equipment and intangible assets (31 March 2015: $6.8m, 30 September 2015: $13.3m).

9. FINANCIAL INSTRUMENTS

(a) Carrying amounts and fair values

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy for financial instruments measured at fair value.

	Non-Current Assets		Current Assets			
$000	Share in Other Companies	Derivatives	Trade and Other Debtors	Derivatives	Cash and Cash Equivalents	Total
Unaudited						
31 March 2016						
Financial assets measured at fair value						
Shares in other companies (Level 3)	135	–	–	–	–	135
Foreign exchange options (Level 2)	–	5,074	–	–	–	5,074
Forward exchange contracts (Level 2)	–	2,813	–	149	–	2,962
Financial assets not measured at fair value						
Trade debtors	–	–	63,044	–	–	63,044
Cash and cash equivalents	–	–	–	–	8,635	8,635
Other debtors – advances to associates	–	–	553	–	–	553
	135	**7,887**	**63,597**	**149**	**8,635**	**80,403**
Audited						
30 September 2015						
Financial assets measured at fair value						
Shares in other companies (Level 3)	135	–	–	–	–	135
Financial assets not measured at fair value						
Trade debtors	–	–	51,305	–	–	51,305
Cash and cash equivalents	–	–	–	–	5,960	5,960
Other debtors - advances to associates	–	–	527	–	–	527
	135	**–**	**51,832**	**–**	**5,960**	**57,927**

	Non-Current Liabilities		Current Liabilities				
$000	Loans and Borrowings	Derivatives	Bank Overdraft and Current Borrowings	Current Portion of Term Loan	Derivatives	Trade Creditors and Other Payables	Total
Unaudited							
31 March 2016							
Financial liabilities measured at fair value							
Foreign exchange options (Level 2)	–	–	–	–	3,224	–	3,224
Interest rate swaps (Level 2)	–	7,424	–	–	82	–	7,506
Fuel contracts (Level 2)	–	945	–	–	2,772	–	3,717
Financial liabilities not measured at fair value							
Bank overdraft	–	–	55,606	–	–	–	55,606
Secured bank loans	123,040	–	–	–	–	–	123,040
Trade creditors and other payables	–	–	–	–	–	22,908	22,908
	123,040	**8,369**	**55,606**	**–**	**6,078**	**22,908**	**216,001**
Audited							
30 September 2015							
Financial liabilities measured at fair value							
Foreign exchange options (Level 2)	–	11,251	–	–	4,668	–	15,919
Forward Exchange contracts (Level 2)	–	12,324	–	–	4,912	–	17,236
Interest rate swaps (Level 2)	–	118	–	–	4,809	–	4,927
Fuel contracts (Level 2)	–	1,928	–	–	750	–	2,678
Financial liabilities not measured at fair value							
Bank overdraft	–	–	56,218	–	–	–	56,218
Secured bank loans	88,160	–	–	10,402	–	–	98,562
Trade creditors and other payables	–	–	–	–	–	19,344	19,344
	88,160	**25,621**	**56,218**	**10,402**	**15,139**	**19,344**	**214,884**

Other payables that are not financial liabilities are excluded (provisions March 2016: $1.3m, September 2015: $2.0m)

The table above 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 (i.e. as prices) or indirectly (i.e. derived from prices).

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

All derivative financial instruments are valued using the Level 2 valuation method which is consistent with comparative periods.

Total related gains/(losses) recognised in other comprehensive income during the period was a gain of $19.4m (September 2015: $25.3m loss, March 2015: $3.7m loss).

9. FINANCIAL INSTRUMENTS (CONTINUED)

(b) Measurement of fair values

The following table shows the valuation techniques used in measuring level 2 fair values at 31 March 2016 and 30 September 2015.

Type	Valuation technique
Interest rate swaps	The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows using market interest rates.
Foreign exchange options	The fair value of options is estimated using option valuation methods with reference to current spot rates and market volatility.
Forward exchange contracts	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.
Bank loans	Bank loans are floating rate debt, therefore their fair value approximates carrying values.
Fuel derivatives	The fair value of fuel derivatives is estimated using forward fuel prices at reporting date.

NOTE 10 – ASSETS CLASSIFIED AS HELD FOR SALE AND DISCONTINUED OPERATIONS

(a) Assets Classified as Held for Sale

	Unaudited 31 March 2016 $000	Unaudited 31 March 2015 $000	Audited 30 September 2015 $000
Property, plant and equipment at fair value (continuing operations)	8,933	100	9,095
Property, plant and equipment at fair value (discontinued operations)	4,094	–	9,094
Total assets held for sale	**13,027**	**100**	**18,189**
Liabilities (discontinued operations per note 10(b)	347	–	2,695
Total liabilities held for sale	**347**	**–**	**2,695**

The group has exited the mussel processing plant based in Christchurch, which is now marketed for sale.

Unsatisfactory returns from the IPS vessels driven by low prices and the commodity nature of skipjack tuna, coupled with increasing access costs to the fishery, resulted in the decision to exit this business in 2015 and offer the vessels for sale, one of which was sold in 2015 and the remaining vessel has been sold post balance date, see note 13.

(b) Discontinued Operations

With the decision to exit the IPS business, the results of this operation are now disclosed in discontinued operations.

	Unaudited 31 March 2016 $000	Unaudited 31 March 2015 $000	Audited 30 September 2015 $000
(i) Assets			
Property, plant and equipment	4,094	18,667	9,094
Other debtors and prepayments	–	–	–
Inventories	–	2,735	–
Total	**4,094**	**21,402**	**9,094**
(ii) Liabilities			
Other creditors, provisions and accruals	28	2,223	1,440
Deferred taxation	319	3,016	1,255
Total	**347**	**5,239**	**2,695**
(iii) Income Statement			
Revenue	3	7,783	11,030
Operating expenses	866	(12,109)	(19,106)
Restructuring	–	–	(692)
Impairment	(5,000)	(5,998)	(5,998)
Loss before income tax	**(4,131)**	**(10,324)**	**(14,766)**
Income tax benefit	1,157	2,890	4,125
Loss for the year	**(2,974)**	**(7,434)**	**(10,641)**
(iv) Cash flows			
Operating cash flows	(543)	(2,687)	(6,674)
Investing cash flows	–	(2,124)	7,180
Total	**(543)**	**(4,811)**	**506**

11. BUSINESS ACQUISITION

On 24 October 2014, the group acquired the business of Wynyard Seafood Market Limited and its subsidiary Bar of Wynyard Limited which up to that date was one of the lessees at 22 Jellicoe Street, Auckland.

NOTES TO THE INTERIM FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 31 MARCH 2016

12. DISCLOSURE CHANGE

	Note	6 months ended 31 March 2015 $000	Disclosure Change (i) $000	Disclosure Change (ii) $000	6 months ended 31 March 2015 $000
Sales		225,980	(5,210)	(7,783)	212,987
Cost of sales		(174,973)	5,210	11,205	(158,558)
Gross profit		**51,007**	**–**	**3,422**	**54,429**
Other income		2,924	–	–	2,924
Distribution expenses		(14,576)	–	303	(14,273)
Administrative expenses		(9,966)	–	228	(9,738)
Other expenses	8	(11,402)	–	6,373	(5,029)
Operating profit		**17,987**	**–**	**10,326**	**28,313**
Finance income		185	–	(2)	183
Finance expenses		(5,063)	–	–	(5,063)
Net finance income		**(4,878)**	**–**	**(2)**	**(4,880)**
Share of profit of equity accounted investees		226	–	–	226
Profit before income tax		**13,335**	**–**	**10,324**	**23,659**
Income tax expense		(3,772)	–	(2,890)	(6,662)
Profit for the year from continuing operations		**9,563**	**–**	**7,434**	**16,997**
Loss for the year from discontinued operations		–	–	(7,434)	(7,434)
Profit for the year		**9,563**	**–**	**–**	**9,563**

(i) Presentation of result from Auckland Fish Market

Sanford's wholly owned subsidiary Auckland Fish Market acts as an agent in the provision of seafood auction services to local and national businesses, the comparatives were restated to reflect this agency relationship which results in revenue and cost of goods sold to fall/increase by offsetting amounts of $5.2 million; there was no change to profit.

(ii) Removal of Discontinued Operations

As detailed in note 10(b), the IPS business is treated as a discontinued operation and was separately disclosed.

13. SUBSEQUENT EVENT

The sale of the remaining IPS vessel, *San Nikunau*, was completed on 20 May 2016.

Directors

Paul Norling, Chairman
Elizabeth Coutts
Bruce Goodfellow
Peter Goodfellow
Peter Kean
Robert McLeod

Executive Team

Volker Kuntzsch, Chief Executive Officer
Greg Johansson, Chief Operating Officer
Andre Gargiulo, Chief Customer Officer
Clement Chia, Chief Financial Officer
Claire Walker, Chief People Officer

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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 100 shares (price $2 to $5 per share) or 50 shares ($5 to $10 per share).

Share Registrar

Computershare Investor Services Limited
Private Bag 92 119
Auckland 1142
New Zealand

159 Hurstmere Road
Takapuna
Auckland 0622
New Zealand

Managing your Shareholding Online:

To change your address, update your payment instructions and to view your investment portfolio including transactions please visit:

www.computershare.co.nz/investorcentre

General Enquiries

General enquiries can be directed to:
enquiry@computershare.co.nz
Private Bag 92 119
Auckland 1142
New Zealand

T +64 9 488 8777

Please assist our registrar by quoting your CSN or shareholder number.

Other queries should be directed to the General Manager Risk and Corporate Affairs at the Registered Office.

insightcreative.co.nz SAN048

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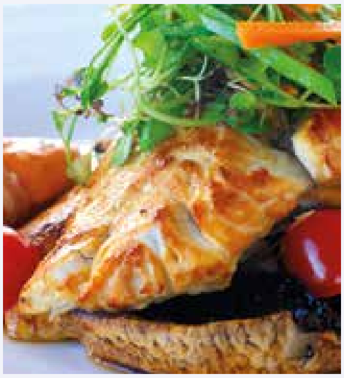
MAPLE AND GINGER SCENTED SMOKED SNAPPER WITH PROSCIUTTO WRAPPED MUSSELS AND FIELD MUSHROOMS

CHEF: STEVE ROBERTS

The harmonious flavours of maple and ginger give new life to smoked snapper (and are great with hapuku and tuna as well). With a little bit of refined saltiness from the prosciutto-wrapped mussels the end result is a well balanced and awesomely tasty dish.

SERVES 4



SMOKE MIX

A good handful of Manuka sawdust	2-3 cardamom pods
40g brown sugar	1 vanilla pod
1 star anise	Peel from one orange
1 cinnamon stick	

INGREDIENTS

12 live mussels, cleaned and beards removed	4 snapper fillets, scaled and skin on
100ml water or white wine	Pinch flaky sea salt
12 thin slices prosciutto	3-4 tsp brown sugar
2-3 tsp maple syrup	Pinch cracked white pepper
3-4 tbsp ginger beer cordial concentrate (or Bundaberg Ginger Beer)	4 field mushrooms, seasoned with a little salt and freshly ground black pepper
Pinch ground ginger	Squeeze of lemon juice

ASIAN-INSPIRED SALAD

- 100g mixed micro leaves
- 50 g snow peas
- ½ carrot, peeled and julienned
- 8 cherry tomatoes, halved
- 1 spring onion, sliced thinly on the bias
- 1 tbsp sesame seeds, toasted

CITRUS SOY DRESSING

- 125 ml lemon juice
- 250 ml rice wine vinegar
- 180 ml soy sauce
- 70 ml mirin
- Zest from one lemon

METHOD

1. Mix all ingredients together for the smoke mix and place into a smoker lined with aluminium foil.
2. To make prosciutto-wrapped mussels, place a lidded saucepan on a high heat and add mussels, water or wine. Steam mussels until just opened and drop into iced water to arrest cooking. Remove from shell and wrap in thin slices of prosciutto. Set aside until required.
3. Combine maple syrup, ginger beer, lemon juice and ground ginger in a small bowl or jug and mix well. Brush onto both sides of the snapper fillets, being careful not to moisten fish too much. Sprinkle fillets with salt, brown sugar and pepper.
4. Place fillets, mushrooms and mussels on the smoker rack. Place smoker on barbecue or gas hob over a high heat. Once the chips start to smoke lower the heat to ensure they do not catch fire. Smoke fish for 10-15 minutes, depending on the thickness of the fillets. Check fish periodically to ensure an even smoking and ensure the smoke is not too hot or bitter.
5. To serve, place a mushroom in the centre of each serving plate and top with a snapper fillet. Arrange 3 prosciutto-wrapped mussels around, garnish with Asian-inspired salad and drizzle over a little citrus soy dressing.

METHOD

1. In a bowl mix together ingredients for Asian-inspired salad.
2. In a jug mix together ingredients for citrus soy dressing. Cover and set aside until required.