SANFORD

INTERIM REPORT 2017

MAKING WAVES

NOV 16 **SAN GRANIT**

Sails into Timaru after 45 days sailing from Norway, now operational – read more inside.

BUILDING MOMENTUM

Sanford is New Zealand's biggest fishing quota holder and largest listed seafood company and with our size comes a sense that we must always do the right thing. The last six months have presented plenty of challenges but those have also offered many opportunities to live by our values of care, passion and integrity, as the detail and stories in this report will show. They are stories which prove that sustainability and profitability need not be mutually exclusive, as we continue our work to become the best seafood company in the world.

PERFORMANCE UPDATE

NEW HORIZONS

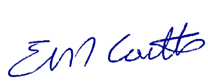
Paul Norling
CHAIRMAN

Volker Kuntzsch
CHIEF EXECUTIVE OFFICER

The Directors are pleased to present the Interim Report of Sanford Limited for the six months ended 31 March 2017.

For and on behalf of the Board of Directors:

P G Norling CHAIRMAN
24 May 2017



E M Coutts DIRECTOR
24 May 2017

The first half of 2017 has been challenging on a number of fronts for Sanford. We have been reminded of the power of nature in the beautiful, wild places we fish and, at the other end of the spectrum, we have experienced the frustrations of technology not always delivering as expected. Despite this, Sanford has demonstrated its resilience by being able to deliver a 24.8% improvement on prior year in the company's profit after tax for the six month period ended 31 March 2017, from $15.3m to $19.0m. This result was achieved on the back of improved revenue of $230.4m in H1 2017 (H1 2016: $219.4m) with pricing of higher value non-commodity products like toothfish, scampi and salmon offsetting price pressure from commodity products like jack and blue mackerel.

Sanford continues its journey towards becoming a company more focused on fresh and chilled product. This work is progressing well, but is not a rapid transformation and a large share of our volume will continue to be processed into frozen product and remains susceptible to fluctuations in global commodity prices for the time being. Our pelagic species portfolio, for example, is caught within a short season necessitating it to be frozen to avoid spoilage. Jack and blue mackerel are prominent species amongst the pelagics and have been selling at the lower end of their long term price range this year.

Another significant challenge for the business has been the weather. We are regularly reminded that we depend on natural resources and that nature is somewhat unpredictable. In this half year, storms and heavy rains produced interruptions in mussel harvesting operations, strong winds saw our smaller fishing vessels needing to seek shelter and cooler water temperatures resulted in highly migratory species like skipjack tuna and jack mackerel being harder to catch. The Kaikoura earthquake also had an impact on our operations in the Marlborough Sounds. Indeed, we have seen our fair share of environmental challenges over the last six months.

Technology also challenged us in that we encountered unexpected difficulties in commissioning *San Granit*, the latest addition to our factory vessel fleet. As previously reported, *San Granit* was a major acquisition from a Norwegian operator, intended to allow improved utilisation of our deepwater quota. The vessel arrived in New Zealand mid-November 2016, underwent preparatory work to ensure its compliance with local health and safety regulations and some technical adjustments to allow for the difference in species mix between the North Atlantic and the South Pacific. The changes to the factory deck proved to be more complex than anticipated and the vessel experienced extended periods of additional alterations after her December shake down trip.

We have also seen a slightly weaker performance in our Greenshell mussel business. Greenshell mussels, although a truly New Zealand product, are impacted by the fact that the best-selling item is frozen half shell mussels, where producers find themselves competing against each other in major export markets. This leads to commodity-like circumstances. Mussels also performed behind last year, as expected, due to volume constraints associated with prior years' limited spat supply and lower half shell mussel pricing following very favourable pricing from

NET PROFIT AFTER TAX

$19.0M

FOR THE HALF YEAR,
AN IMPROVEMENT OF 24.8%
FROM THE SAME PERIOD LAST YEAR

H1 last year. Pricing in the second half of the year is expected to lift as supply constraints work through the supply chain. We are also likely to benefit in the long term from the ongoing work at SPATnz, where scientists are now producing billions of Greenshell mussel spat in a controlled environment. The first mussels from this facility will soon be harvested. Sanford's contribution to this innovative Primary Growth Partnership (PGP) will see our farmers benefit from certainty of supply in the very near term.

These challenges explain why adjusted EBIT has improved only slightly by 1.5% to $31.0m compared to last year's half year result. Our EBIT per kg dropped slightly from $0.59 to $0.55 in the period driven by the increased mix of lower margin pelagic species being sold (15.7% of total volume in H1 2017 vs 10.6% in H1 2016). The increased volume of frozen commodity products also impacted on the percentage of fresh sales of our wild caught products, dropping from 8.3% to 7.2% on very similar volume during the period last year.

There have been many positives in this half year and they bode well for Sanford's future performance:

Sales revenue grew 5% to $230.4m, driven by strong Antarctic toothfish and scampi pricing as well as volume gains for squid and silver warehou, caught by our charter partners. Species that are generally in limited supply such as toothfish from the Ross Sea, the diverse range of New Zealand's inshore species and our farmed King salmon, experienced what we would expect for most seafood in the long term, stable to steadily increased pricing as a result of the finite nature of global seafood supplies and increasing demand for this healthy protein.

San Granit's performance is improving and we expect the second half of this financial year to provide operational returns that meet our expectations.

While the vessel contributed to lower than expected hoki catches and weather events impacted on fishing inshore species, our wild catch business overall fared better than prior year, with the volume caught increasing by 1,600 tonnes. We were satisfied with the performance of our long liners in the toothfish fishery and our deepwater factory vessels. We believe this demonstrates a generally high degree of resilience to adverse weather events.

Despite the challenges from Greenshell mussels, the farming business has been satisfactory with positive gains evidenced in salmon over last year, principally due to price increases and the continuing focus on fresh products.

We are continuing to invest in developing our organisation into a customer and consumer focused entity, aiming at building value through innovation and the introduction of differentiated brands across our product portfolio. This is complemented by the greater use of professional corporate communications which helps us to take a more visible stance on topics that are of importance to our company and the wider industry, including the Maui Dolphin Protection Plan that was launched early in the period and the recent Marine Stewardship Council certification of three of New Zealand's orange roughy fisheries. The latter highlights the many years of fisheries management effort to achieve sustainability for this species and is certainly reflective of our experience of increasing orange roughy abundance at sea.

Sanford's new Chief People Officer, Karen Duffy will be working with the Board and Executive Team to improve health and safety performance through leadership training and awareness. Our injury statistics are not improving as we would wish and this important issue is receiving continuing focus from management and the Board.

Colleagues from across our business have reflected on areas that have contributed to the six month result in more depth; these can be read in the following pages.

Given the number of challenges faced by the company during the first half the Board is satisfied with the result achieved. The interim dividend will remain at 9 cents per share (fully imputed). This result is only possible through the personal resilience and commitment of our people across the business. They enable the company to be both strong and adaptable and we sincerely thank our teams, at sea and on land, for their dedicated effort in supplying beautiful New Zealand seafood with passion, care and integrity to customers and consumers around the globe. The journey towards realising our vision of becoming the best seafood company in the world is challenging and we are excited about achieving this ambition together with all the great people at Sanford.

Paul Norling
CHAIRMAN

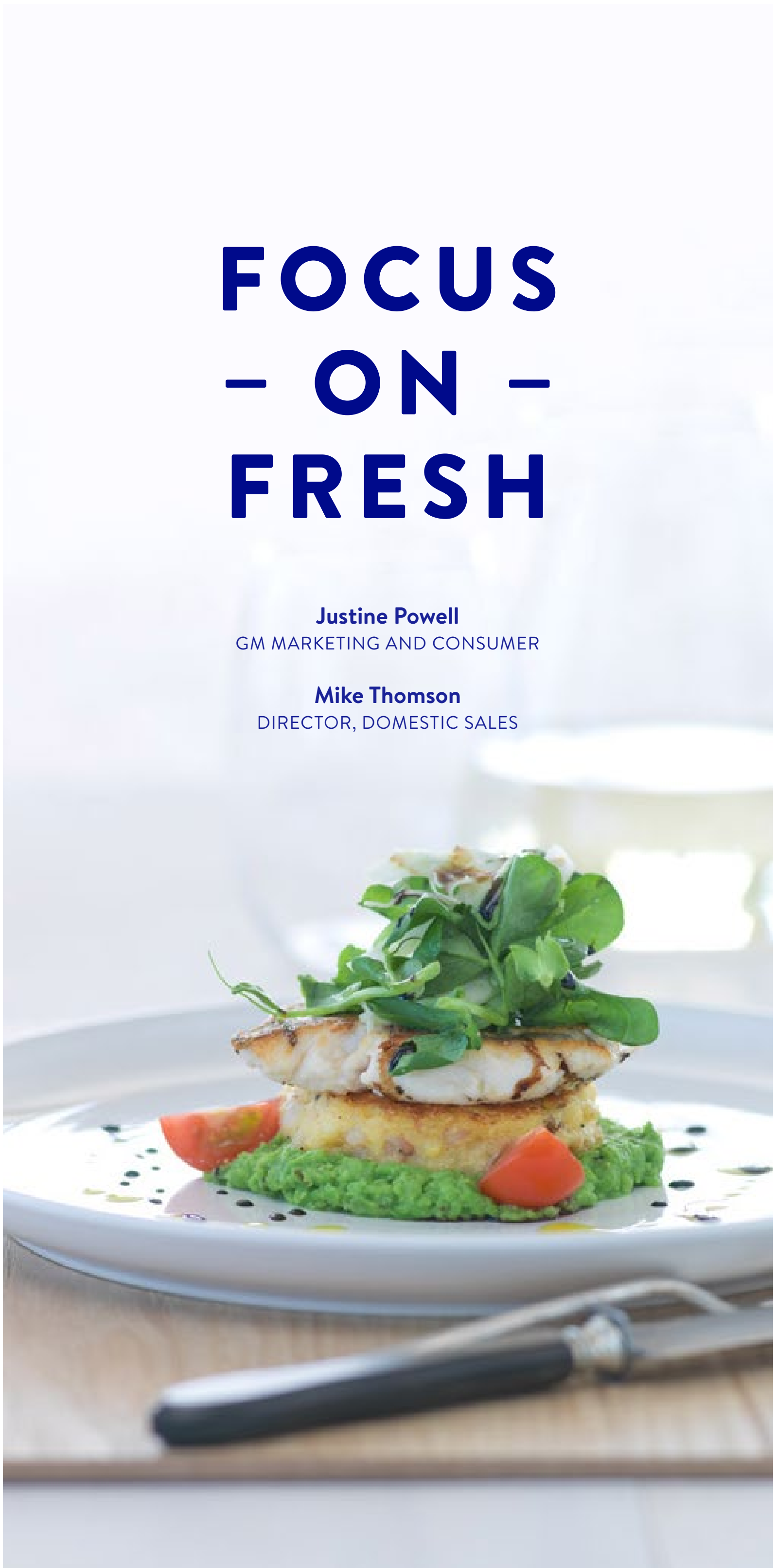
Volker Kuntzsch
CHIEF EXECUTIVE OFFICER

REVIEW

FOCUS – ON – FRESH

Justine Powell
GM MARKETING AND CONSUMER

Mike Thomson
DIRECTOR, DOMESTIC SALES



It has been a little over a year since we embarked on our journey to add more value to our product by investing in brands and new channels, with a real emphasis on fresh products to drive value. In the last 12 months we have made significant investments internally in hiring additional resources to help bring this plan to fruition. We now have Consumer Marketing and Domestic Sales teams, developing brands and servicing our domestic food service customers direct from its own production line in Jellicoe Street, Auckland.

It has not been without its challenges but we have made some impressive inroads to achieve our targets. In the last 12 months we have shifted our domestic sales from $130m to $166.9m. Our fresh sales have gone from $68.4m to $76.8m.

We appointed a GM Marketing and Consumer in May 2016, and have spent the last 12 months developing our portfolio of brands. The new packaging for Sanford Blue, our mainstream brand, has been completed and is rolling out across our portfolio. Sanford Black, our premium grade brand has also been developed and will be rolling out across our range in the next few months. Tiaki, the brand that is the result of the PGP between Ministry for Primary Industries, Sanford, Sealord and Moana, has been trialled on the domestic market.

Our most recent endeavours include the launch of our super premium provenance brand Big Glory Bay. This brand is a true celebration of our finest aquaculture products, including King salmon, farmed Bluff oysters and Greenshell mussels. We recently held a launch event with several prominent Food Service chefs, taking them on a true brand experience with a trip down to Big Glory Bay in Stewart Island. The product and the place were very well received with great reviews from the chefs. From May our new website, Instagram and Facebook page will be live, and you will see this

To ensure we meet these high standards we have developed a production line that is focused on delivering the finest fresh product, with seafood being sourced directly from our vessels as well as the Auckland Fish Market auction.

QUALITY

FROM SERVICING NO RESTAURANTS IN AUCKLAND TO SERVICING APPROXIMATELY – 1/3 OF THE TOP 50 RESTAURANTS

brand appearing on restaurant menus. Once we have established Big Glory Bay within domestic high end Food Service customers we will launch our retail product offering for the domestic market before expanding into export Food Service channels.

Key to developing new brands is our ability to develop a sound supply chain and sales team around our 'focus on fresh'. Our go to market strategy has been developed and executed in conjunction with our brand and domestic sales teams. In September 2016 we appointed a Director, Domestic Sales and have since expanded the domestic sales team to include a Domestic Food Service Operations Supervisor. As expected the requirements from our customers are exacting, and we have embraced the challenge to deliver the freshest fish, a range of species, specific cuts, all on a daily basis. To ensure we meet these high standards we have developed a production line that is focused on delivering the finest fresh product, with seafood being sourced directly from our vessels as well as the Auckland Fish Market auction. In a short space of time we have gone from servicing no restaurants in Auckland to servicing approximately one third of the top 50 restaurants.

We are also very proud to have developed a fully recyclable packaging format for this channel and are running a trial to replace polybins with a fully recyclable packaging option for other fresh products we are selling domestically and into Australia.

Another big development on our journey to drive value through delivering fresher products to our consumers has been our investment into our social media strategy to drive brand awareness and consumer engagement. We have invested in a Social Media Community Manager to bring our social media community management in house and manage our multiple social media platforms across all of our brands and consumer facing assets including the Auckland Fish Market and Seafood School. These assets and communication channels enable us to engage with consumers and educate them on the numerous species of seafood that are available to us, how to prepare and to cook them, all with the objective of enticing consumers to consume fish more often. We now have circa 20,000 fans across our Facebook pages. As a great example of our community engagement, the recent SPATnz initiative reached 100,000, had 40,000 views and close to 500 shares.

And from one consumer:

"I watched this last night and was very impressed. Made me hungry for some mussels, good on you Sanford".

20,000

FACEBOOK FANS ACROSS OUR PAGES

To bring about the change we have witnessed in the last 12 months is testament to the combined efforts of the entire business, from supply chain, operations, to sales and marketing. The shift in focus has been driven from the executive and been implemented throughout the business. There are plans to further develop and grow our fresh business not only in New Zealand but worldwide. The domestic market and the focus on fresh remains central to our strategy, and we are pleased with the results to date. We will continue to learn, develop and amplify our plans in the coming months.

REVIEW

SAN GRANIT SETS SAIL

Greg Johansson
CHIEF OPERATING OFFICER

Fishing is a capital intensive industry, especially the vessels required to harvest the diverse range of species within Sanford's quota portfolio. Prior to the introduction of the quota management system (QMS), Sanford owned only smaller inshore vessels that delivered fresh fish to our shore based plants. Many of these vessels were built in New Zealand during the late 1970s and early 1980s, some at our own shipyard Vos & Brijs.

During the 1990s Sanford embarked on a strategy of investing in deepwater freezer vessels that were capable of harvesting, processing, and freezing at sea, to export standards. The long term harvest rights bestowed by the QMS provided the confidence needed to embark on these significant investments and to reduce our reliance on third party catching capacity. The majority of these vessel acquisitions were high quality, second hand northern hemisphere boats purchased at very competitive prices, due to fleet reductions in depleted fisheries. The timing was perfect for Sanford to invest in a world class deepwater fleet and to develop the skills needed to operate it efficiently. Over the last twenty years improvements in global fisheries management, removal of building subsidies and fleet rationalisation has meant we are unlikely to ever see such a favourable buyers' market again in the big boat sector.

After a long period of fleet consolidation, fisheries rebuilding and the global shipyard capacity being monopolised by the oil industry, northern hemisphere fishing companies have finally started building new vessels again, providing a very limited but much needed supply of second hand vessels. The current cost of building a brand new sixty metre plus factory trawler is prohibitive when catching the species mix available in New Zealand waters. While this style of vessel harvests similar volumes in the northern hemisphere, the revenue on their species is more than double that realised here, hence the need for Sanford to secure good quality second hand vessels.

The process of securing our latest acquisition, the *Granit*, from the Halstensen family started in Norway, in July 2015, when they decided to build a new factory trawler. It finally came to fruition when the renamed *San Granit* sailed from Timaru on 19 December 2016 for her shake down trip. *San Granit* is Sanford's largest (67m) and most sophisticated factory trawler, a significant step up in capability and technology compared to our existing trawlers.

Purchasing, reflagging, refitting and commissioning a vessel of this size is no small task. With a conditional agreement in place the process started with inspections of the vessel in a Danish shipyard in October 2015. Over the next ten months Sanford staff spent time on the vessel both at sea during fishing operations and alongside, preparing the extensive work programme required to convert the vessel for its operations in New Zealand waters.

The most significant changes required were factory modifications, health and safety initiatives and changes required for operating in warmer water and air temperatures. In the factory, filleting and skinning machines were changed and handling systems modified to deal with the more delicate species caught in New Zealand. The vessel had primarily been catching a single species (cod) and we needed the factory to cope with multiple target and bycatch species. The work involved bringing the vessel up to New Zealand health and safety standards was extensive. The cooling and heating capacity of multiple systems on all vessels is matched to the average climatic conditions the vessel is expected to encounter. Vessels designed for Arctic operations are generally over endowed with heating capacity and struggle to provide the cooling capacity required for our more moderate climate.

In mid August 2016 Sanford took delivery of *San Granit* in Aalesund, Norway. Ten Sanford crew members were flown to Norway to assist in preparing the vessel for the delivery trip. The vessel spent six weeks in the shipyard commencing the work package and completing her five year survey. This required her to enter dry-dock for hull cleaning and painting, to meet bio-security requirements to enter New Zealand. During this time the vessel was reflagged to New Zealand and re-named *San Granit*.

On 1 October, *San Granit* sailed from Aalesund on a voyage that would take her through the Panama Canal, to arrive in Timaru some forty five days later to an emotional welcome ceremony.

While all this excitement was happening around the vessel, a large team of Sanford management were extremely busy on a multitude of tasks to ensure the vessel was capable of commencing operations as soon as possible. Sixty crew were engaged, export certifications gained, fishing gear built, numerous regulatory requirements met, stores, spares and provisions ordered. A massive task for a dedicated team.

The period alongside in Timaru was to address domestic regulatory issues, allow processing machines to be installed, provision the vessel and set up the fishing gear. Ultimately there comes a day where you need to throw the ropes and go test everything out. Since that date the vessel's performance has improved at a steady rate. The crew, management and contractors have been outstanding in their commitment to the vessel and confidence in its capabilities. This faith is now paying dividends and the future is looking very bright for our pride and joy, *San Granit*.

In addition to the *San Granit* purchase, the company has commenced the replacement and refurbishment of several smaller vessels.

San Aramand (23m), was purchased to replace our oldest scampi vessel, has been refitted and is due for commissioning in May 2017. *Tengawai*, a 22m inshore trawler that Sanford has owned since new, has been undergoing a significant mid-life rebuild over the last five months and is scheduled to resume fishing in May 2017. Finally the retirement of two of Auckland's oldest and smaller inshore vessels has been made possible through the purchase of the *Oceans Friend* (19m) from Nova Scotia. The vessel is currently being transported to New Zealand as deck cargo on a freighter and is expected to commence fishing in July 2017.

REVIEW

JACK – BE – NIMBLE

Colin Williams
GM FISHING

Fiona MacMillan
GM CORPORATE COMMUNICATIONS

Pelagics are arguably some of nature's most elusive fish. By nature, they are fast movers and great travellers, able to cover vast areas of open ocean, and they are very sensitive to weather, water temperature, ocean currents and of course the influences of global weather events such as El Nino. They generally inhabit the upper part of the water column, spending extended periods on or near the surface, and that is where they are targeted by our purse seine operations which harvest skipjack tuna, jack and blue mackerel, kahawai and trevally.

These species all share a similar issue in the market – they are still largely commodity species.

Skipjack tuna is probably our most valuable and variable species when it comes to seasonal availability. It has never been part of New Zealand's Quota Management System as this fish stock is highly migratory, spending most of its life outside New Zealand waters. Skipjack catches in New Zealand waters have seen significant annual variation over the last three decades, ranging from 13,300 tonnes down to 3,800 tonnes. Besides the climatic variables noted above, this is in part due to reduced effort within New Zealand waters by foreign flagged vessels plus Sanford exiting the international purse seine business and selling its three largest purse seine vessels.

The other species that has historically made up the bulk of catch by volume is jack mackerel, a New Zealand quota species. These fish also have a track record of highly variable catches on the east coast North Island fishery, where industry catches have ranged from 11,000 to 6,000 tonnes per annum over the last decade. With six months of the fishing year still to go, we are highly unlikely to have a strong year in this fishery. Catch to March for jack mackerel in area 1, was 2,500 tonnes for the industry and in line with the 2007 season where the total catch was 5,300 tonnes for this area.

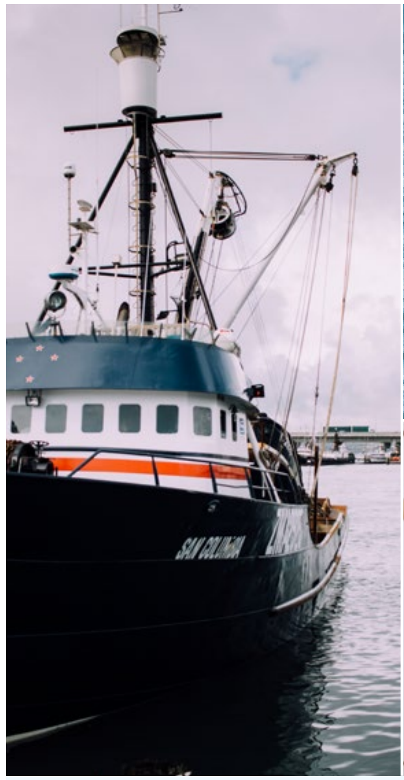
New Zealand supplies less than 1% of the global supply of mackerel. Currently international prices for jack mackerel are very low and we are a price taker in this market. The current low price is partly driven by large volumes of fish coming out of the horse mackerel fishery off the West African coast. This fishery is highly variable dependent on the level of catch effort applied, the advancements in fishing technology and the general health of the biomass each year.

The challenge and opportunity for Sanford is to create a differentiated offering from our limited volume caught in the pristine waters of New Zealand, and this will be a significant challenge. Our Market Manager Paulette Cox says "one of the hardest tasks we have is overcoming the mind-set of our customers and of consumers that certain fish are 'cheap'. It's a challenge to get them to think outside the box and try something new. So building our brands and educating our markets is an ongoing task."

One of the ways we can do this is by making changes to our processing and handling that improve the quality of our products. Recent changes have been made to how we handle jack mackerel onboard and fishing trips have been made shorter to produce higher quality fish, closer to a frozen at sea product. This has been well received in all our markets.

All of our purse seine caught fish is processed in our Tauranga plant, and the majority is landed directly there from our vessels. This plant is specialised and designed to handle large volumes of fish in short time frames, matching the highly variable nature of the various fisheries our vessels operate in.

In short, Sanford's pelagic fleet and the team that processes it are used to having to adapt and to managing a fishery that is as variable as the weather.



PURSE SEINE FISHING

—

Purse Seining is a fishing method designed to target fish that school near the surface. It works by dropping a long net in the water and drawing the top of it around in a large circle, surrounding the school of fish. Once they are surrounded by the net, the bottom is pulled together so that a large purse shape is formed in the water - much like the shape of half a coconut. Once this is done, the net can be drawn in and the fish scooped on board.

Sanford operates three purse seine vessels out of Tauranga and two of these are father-son operations. All are skippered by highly experienced crews who adapt their operations throughout the year, depending on which fish are plentiful in New Zealand waters.

DOLPHIN RESCUE

—

The standout story from the last six months in our Tauranga based pelagic fleet, is the actions of the skipper and crew of *San Columbia*. The crew were purse seine fishing late one afternoon in March when around half a dozen dolphins swam into the net, along with about 30 tonnes of jack mackerel.

Gum, the Skipper, and his crew Damian, Muz and Paul were determined that no dolphins were going to die on their watch. After their best efforts to get the dolphins out by unsuccessfully lowering one side of the net, they eventually had to release the net. This released the dolphins totally unharmed, but resulted in the release of the mackerel too.

This action is potentially controversial and certainly expensive, but Sanford totally supports Gum and his crew putting sustainability ahead of any commercial imperatives.

Sanford's standard profit measure prepared under New Zealand GAAP is net profit. Sanford have 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 Group performance and to establish operating and capital budgets. Non-GAAP profit measures are not prepared in accordance with NZ IFRS (New Zealand equivalents to International Financial 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

EBITDA: Earnings before interest, taxation, depreciation, amortisation, restructuring, impairment and gain (loss) on sale of investments, intangible and long term assets.

Reported EBIT: Earnings before interest, taxation and gain (loss) on sale of investments, intangible and long term assets.

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

GAAP TO NON-GAAP RECONCILIATION

	Unaudited 6 Months ended 31 March 2017 $000	Unaudited 6 Months ended 31 March 2016[(i)] $000	Audited 12 months ended 30 September 2016 $000
Reported net profit for the period (GAAP)	**19,043**	**15,258**	**34,731**
Add back:			
Income tax expense	7,016	7,007	14,681
Net interest	4,186	4,043	8,193
Net loss on sale of investments, property, plant and equipment	502	152	136
Deduct:			
Non-trading exchange gains	(1)	(66)	-
Reported EBIT	**30,746**	**26,394**	**57,741**
Adjustments:			
Discontinued operation – non-trading	–	(869)	–
Impairment of assets	52	5,000	5,389
Restructuring costs	200	–	228
Adjusted EBIT	**30,998**	**30,525**	**63,358**
Add back:			
Depreciation and amortisation	8,696	7,504	15,515
EBITDA	**39,694**	**38,029**	**78,873**

(i) Certain amounts shown above do not correspond to the Interim Report as at 31 March 2016 and reflect adjustments made as detailed in Note 10: Reconciliation of Previously Reported Statements.

CONSOLIDATED CONDENSED INCOME STATEMENT

FOR THE SIX MONTHS ENDED 31 MARCH 2017	Note	**Unaudited 6 months ended 31 March 2017 $000**	Unaudited 6 months ended 31 March 2016 (i) $000	Audited 12 months ended 30 September 2016 $000
Continuing Operations				
Revenue	3c	230,363	219,400	463,469
Cost of sales		(173,641)	(164,666)	(350,753)
Gross profit		**56,722**	**54,734**	**112,716**
Other income		2,909	2,292	5,530
Distribution expenses		(12,255)	(11,510)	(24,452)
Administrative expenses		(12,700)	(11,671)	(23,962)
Other expenses	7	(4,901)	(3,788)	(9,214)
Operating profit		**29,775**	**30,057**	**60,618**
Finance income		210	408	474
Finance expenses		(4,396)	(4,383)	(8,649)
Net finance expense		**(4,186)**	**(3,975)**	**(8,175)**
Share of profit of equity accounted investees		470	314	1,249
Profit before income tax		**26,059**	**26,396**	**53,692**
Income tax expense		(7,016)	(8,164)	(15,879)
Profit for the period from continuing operations		**19,043**	**18,232**	**37,813**
Discontinued Operation				
Loss for the period from discontinued operation net of tax (attributable to equity holders of the parent)	9b	–	(2,974)	(3,082)
Profit for the period		**19,043**	**15,258**	**34,731**
Profit attributable to:				
Equity holders of the parent		19,059	15,253	34,744
Non controlling interest		(16)	5	(13)
		19,043	**15,258**	**34,731**
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		20.4	19.4	40.4
From discontinued operation		–	(3.1)	(3.3)
From profit for the period		20.4	16.3	37.1

(i) Certain amounts shown above do not correspond to the Interim Report as at 31 March 2016 and reflect adjustments made as detailed in Note 10: Reconciliation of Previously Reported Statements.

CONSOLIDATED CONDENSED STATEMENT OF COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 31 MARCH 2017	**Unaudited 6 months ended 31 March 2017 $000**	Unaudited 6 months ended 31 March 2016 (i) $000	Audited 12 months ended 30 September 2016 $000
Profit for the period (after tax)	**19,043**	**15,258**	**34,731**
Other comprehensive income			
Items that may be reclassified to the income statement:			
Foreign currency translation differences	217	47	(257)
Change in fair value of cash flow hedges	(839)	26,933	41,083
Income tax on cash flow hedges	235	(7,541)	(11,503)
Cost of hedging (losses) gains recognised in other comprehensive income	(330)	3,527	3,631
Income tax on cost of hedging	92	(988)	(1,017)
Items that may not be reclassified to the income statement:			
Movement in share-based payment reserve	(4)	72	171
Other comprehensive income for the period	**(629)**	**22,050**	**32,108**
Total comprehensive income for the period	**18,414**	**37,308**	**66,839**
Total comprehensive income for the period is attributable to:			
Equity holders of the parent	18,420	37,303	66,865
Non controlling interest	(6)	5	(26)
Total comprehensive income for the period	**18,414**	**37,308**	**66,839**
Total comprehensive income attributable to equity shareholders arises from:			
Continuing operations	18,414	40,282	69,921
Discontinued operation	–	(2,974)	(3,082)
	18,414	**37,308**	**66,839**

(i) Certain amounts shown above do not correspond to the Interim Report as at 31 March 2016 and reflect adjustments made as detailed in Note 10: Reconciliation of Previously Reported Statements.

CONSOLIDATED CONDENSED STATEMENT OF FINANCIAL POSITION

AS AT 31 MARCH 2017	Note	Unaudited 6 months ended 31 March 2017 $000	Unaudited 6 months ended 31 March 2016 (i) $000	Audited 12 months ended 30 September 2016 $000
Current assets				
Cash on hand and at bank		5,381	8,635	3,589
Trade receivables		67,647	63,044	64,340
Derivative financial instruments		8,314	149	10,512
Other receivables and prepayments		11,207	9,600	4,896
Taxation receivable		537	–	–
Biological assets		15,494	13,423	14,876
Inventories		41,972	41,266	34,140
Assets held for sale	9a	8,809	13,027	8,796
Total current assets		**159,361**	**149,144**	**141,149**
Non-current assets				
Property, plant and equipment		128,905	95,810	119,841
Investments		11,782	11,083	11,313
Derivative financial instruments		5,358	7,887	10,228
Biological assets		17,461	12,778	14,978
Intangible assets		502,582	500,323	500,327
Total non-current assets		**666,088**	**627,881**	**656,687**
Total assets		**825,449**	**777,025**	**797,836**
Current liabilities				
Bank overdraft and borrowings (secured)	4	55,182	55,606	55,234
Derivative financial instruments		2,696	6,078	2,169
Trade and other payables		34,523	31,068	29,923
Taxation payable		–	3,017	3,040
Liabilities held for sale	9a	–	347	–
Total current liabilities		**92,401**	**96,116**	**90,366**
Non-current liabilities				
Bank loans (secured)	4	146,100	123,040	121,400
Contributions received in advance		3,859	3,740	3,814
Employee entitlements		1,877	1,819	1,791
Derivative financial instruments		3,404	8,369	9,294
Deferred taxation		13,456	6,000	12,128
Lease obligation		891	924	908
Total non-current liabilities		**169,587**	**143,892**	**149,335**
Total liabilities		**261,988**	**240,008**	**239,701**
Equity				
Paid in capital		94,680	94,680	94,680
Retained earnings		462,135	445,086	456,164
Other reserves		6,254	(3,178)	6,893
Shareholder funds		**563,069**	**536,588**	**557,737**
Non controlling interest		392	429	398
Total equity		**563,461**	**537,017**	**558,135**
Total equity and liabilities		**825,449**	**777,025**	**797,836**

(i) Certain amounts shown above do not correspond to the Interim Report as at 31 March 2016 and reflect adjustments made as detailed in Note 10: Reconciliation of Previously Reported Statements.

CONSOLIDATED CONDENSED STATEMENT OF CASH FLOWS

FOR THE SIX MONTHS ENDED 31 MARCH 2017	Note	Unaudited 6 months ended 31 March 2017 $000	Unaudited 6 months ended 31 March 2016 $000	Audited 12 months ended 30 September 2016 $000
Cash flows from operating activities				
Receipts from customers		224,323	200,353	449,684
Interest received		194	340	456
Dividends received		16	–	18
Payments to suppliers and employees		(200,559)	(188,017)	(394,738)
Income tax paid		(8,938)	(6,746)	(12,501)
Interest paid		(4,361)	(4,330)	(8,547)
Net cash flows from operating activities		**10,675**	**1,600**	**34,372**
Cash flows from investing activities				
Sale of property, plant and equipment		169	11	4,301
Contributions received in advance		45	130	205
Dividends received from associates		–	195	854
Purchase of property, plant and equipment and intangible assets		(20,675)	(9,608)	(42,148)
Net cash flows used in investing activities		**(20,461)**	**(9,272)**	**(36,788)**
Cash flows from financing activities				
Proceeds from borrowings	4	29,700	39,880	41,240
Repayment of bank loans	4	(5,000)	(15,402)	(18,402)
Dividends paid to parent shareholders	5	(13,088)	(13,094)	(21,507)
Dividends paid to non controlling shareholders in subsidiaries		–	(27)	(27)
Purchase of treasury shares		–	(239)	(240)
Net cash flows from financing activities		**11,612**	**11,118**	**1,064**
Net increase (decrease) in cash and cash equivalents		**1,826**	**3,446**	**(1,352)**
Effect of exchange rate fluctuations on cash held		18	(159)	(35)
Cash and cash equivalents at beginning of the period		(51,645)	(50,258)	(50,258)
Cash and cash equivalents at end of the period		**(49,801)**	**(46,971)**	**(51,645)**
Represented by:				
Bank overdraft and borrowings		(55,182)	(55,606)	(55,234)
Cash on hand and at bank		5,381	8,635	3,589
		(49,801)	**(46,971)**	**(51,645)**

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

	Unaudited 6 months ended 31 March 2017 $000	Unaudited 6 months ended 31 March 2016 (i) $000	Audited 12 months ended 30 September 2016 $000
Profit for the period (after tax)	**19,043**	**15,258**	**34,731**
Adjustments for non-cash items			
Depreciation and amortisation	8,696	7,504	15,515
Impairment of property, plant and equipment	52	–	343
Impairment of other investments	–	–	46
Impairment of assets held for sale	–	5,000	5,000
Long term incentive plan fair value adjustment	(4)	72	171
Change in fair value of biological assets	(3,101)	(1,199)	(4,851)
Change in fair value of fuel swaps	–	(138)	(118)
Change in fair value of foreign currency options	(115)	(4,317)	(1,782)
Change in fair value of forward exchange contracts	650	(2,961)	(4,402)
Equity accounted (profit) in associated companies	(470)	(314)	(1,249)
Increase (decrease) in deferred taxation	1,655	(1,430)	388
Unrealised foreign exchange losses (gains)	748	5,102	(75)
	8,111	**7,319**	**8,986**
Movement in working capital			
(Increase) in trade and other receivables and prepayments	(10,233)	(19,252)	(13,541)
(Increase) decrease in inventories	(7,818)	(4,829)	2,271
Increase in trade and other payables and other liabilities	4,647	1,364	178
(Decrease) increase in current tax	(3,577)	1,588	1,611
	(16,981)	**(21,129)**	**(9,481)**
Items classified as investing activities			
Loss on sale of property, plant and equipment	502	152	136
	502	**152**	**136**
Net cash inflows from operating activities	**10,675**	**1,600**	**34,372**

(i) Certain amounts shown above do not correspond to the Interim Report as at 31 March 2016 and reflect adjustments made as detailed in Note 10: Reconciliation of Previously Reported Statements.

CONSOLIDATED CONDENSED STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 31 MARCH 2017	Share Capital $000	Share Based Payment Reserve $000	Translation Reserve $000	Cashflow Hedge Reserve $000	Cost of Hedging Reserve $000	Retained Earnings $000	Total $000	Non Controlling Interest $000	Total equity $000
Balance at 1 October 2016 (audited)	**94,680**	**278**	**276**	**5,116**	**1,223**	**456,164**	**557,737**	**398**	**558,135**
Profit for the period (after tax)	–		–	–	–	19,059	19,059	(16)	19,043
Other comprehensive income									
Foreign currency translation differences	–	–	207	–	–	–	207	10	217
Hedging losses recognised in other comprehensive income	–	–	–	(839)	(330)	–	(1,169)	–	(1,169)
Deferred tax on change in reserves	–	–	–	235	92	–	327	–	327
Movement in share-based payment reserve	–	(4)	–	–	–	–	(4)	–	(4)
Total comprehensive income	**–**	**(4)**	**207**	**(604)**	**(238)**	**19,059**	**18,420**	**(6)**	**18,414**
Distributions to shareholders	–	–	–	–	–	(13,088)	(13,088)	–	(13,088)
Balance at 31 March 2017 (unaudited)	**94,680**	**274**	**483**	**4,512**	**985**	**462,135**	**563,069**	**392**	**563,461**
Balance at 1 October 2015 (audited)	**94,920**	**107**	**520**	**(24,464)**	**(1,391)**	**442,927**	**512,619**	**451**	**513,070**
Profit for the period (after tax)	–	–	–	–	–	15,253	15,253	5	15,258
Other comprehensive income									
Foreign currency translation differences	–	–	47	–	–	–	47	–	47
Hedging gains recognised in other comprehensive income	–	–	–	26,933	3,527	–	30,460	–	30,460
Deferred tax on change in reserves	–	–	–	(7,541)	(988)	–	(8,529)	–	(8,529)
Movement in share-based payment reserve	–	72	–	–	–	–	72	–	72
Total comprehensive income	**–**	**72**	**47**	**19,392**	**2,539**	**15,253**	**37,303**	**5**	**37,308**
Acquisition of treasury shares	(240)	–	–	–	–	–	(240)	–	(240)
Distributions to shareholders	–	–	–	–	–	(13,094)	(13,094)	(27)	(13,121)
Balance at 31 March 2016 (unaudited)	**94,680**	**179**	**567**	**(5,072)**	**1,148**	**445,086**	**536,588**	**429**	**537,017**

CONSOLIDATED CONDENSED STATEMENT OF CHANGES IN EQUITY (CONTINUED)

FOR THE SIX MONTHS ENDED 31 MARCH 2017	Share Capital $000	Share Based Payment Reserve $000	Translation Reserve $000	Cashflow Hedge Reserve $000	Cost of Hedging Reserve $000	Retained Earnings $000	Total $000	Non Controlling Interest $000	Total equity $000
Balance at 1 October 2015 (audited)	**94,920**	**107**	**520**	**(24,464)**	**(1,391)**	**442,927**	**512,619**	**451**	**513,070**
Profit for the period (after tax)	–	–	–	–	–	34,744	34,744	(13)	34,731
Other comprehensive income									
Foreign currency translation differences	–	–	(244)	–	–	–	(244)	(13)	(257)
Hedging gains recognised in other comprehensive income	–	–	–	41,083	3,631	–	44,714	–	44,714
Deferred tax on change in reserves	–	–	–	(11,503)	(1,017)	–	(12,520)	–	(12,520)
Movement in share-based payment reserve	–	171	–	–	–	–	171	–	171
Total comprehensive income	**–**	**171**	**(244)**	**29,580**	**2,614**	**34,744**	**66,865**	**(26)**	**66,839**
Acquisition of treasury shares	(240)	–	–	–	–	–	(240)	–	(240)
Distributions to shareholders	–	–	–	–	–	(21,507)	(21,507)	(27)	(21,534)
Balance at 30 September 2016 (audited)	**94,680**	**278**	**276**	**5,116**	**1,223**	**456,164**	**557,737**	**398**	**558,135**

1. GENERAL INFORMATION

Sanford Limited ('the parent' or 'the Company') 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 Part 7 of 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 2017.

The Group comprises the Company, its subsidiaries and its investments in 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 2016, are unaudited. The comparative information for the year ended 30 September 2016 is audited.

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

2. ACCOUNTING POLICIES

The Group's accounting policies have been applied consistently to all periods presented in these interim financial statements, and have been applied consistently by Group entities.

There have been no changes in accounting policies or methods of computation except as detailed below. 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 2016.

NZ IFRS 9 (2014): Financial instruments

In the period ended 30 September 2016, the Group applied NZ IFRS 9 (2014): *Financial Instruments* in advance of its effective date, in accordance with the transitional provisions set out in NZ IFRS 9. The new standard introduces new classification and measurement requirements for financial assets and liabilities and new hedge accounting requirements which aim to align hedge accounting more closely with risk management. The impact of the retrospective application of this change in accounting policy (as fully described in the Group's financial statements for the year ended 30 September 2016) on individual line items in the interim financial statements is shown in more detail in Note 10, and in the consolidated condensed statement of changes in equity.

3. SEGMENT REPORTING

The executive management of the Group monitors the operating results of the wildcatch 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, and intangible assets.

The Group's key operating segments are:

- wildcatch - responsible for catching and processing inshore and deepwater fish species.
- aquaculture - responsible for farming, harvesting and processing 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 2016.

NOTES TO THE INTERIM FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 31 MARCH 2017

3. SEGMENT REPORTING (CONTINUED)

(a) Income and expenditure (continuing operations)

	New Zealand			Australia		
	Unaudited 6 months ended 31 March 2017 $000	Unaudited 6 months ended 31 March 2016 (i) $000	Audited 12 months ended 30 September 2016 $000	**Unaudited 6 months ended 31 March 2017 $000**	Unaudited 6 months ended 31 March 2016 $000	Audited 12 months ended 30 September 2016 $000
Total external revenues	216,244	203,654	434,146	14,119	15,746	29,323
Inter-segment revenue	1,591	1,117	2,512	–	–	–
Segment revenue	217,835	204,771	436,658	14,119	15,746	29,323
Segment profit (loss) for the period	**18,512**	**17,840**	**36,760**	**61**	**78**	**(196)**
Share of profit of equity accounted investees						
Reported profit for the period						

Intersegment Transactions

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

(b) Assets and liabilities

	New Zealand			Australia		
	Unaudited 6 months ended 31 March 2017 $000	Unaudited 6 months ended 31 March 2016 (i) $000	Audited 12 months ended 30 September 2016 $000	**Unaudited 6 months ended 31 March 2017 $000**	Unaudited 6 months ended 31 March 2016 $000	Audited 12 months ended 30 September 2016 $000
Segment assets	807,292	755,104	780,711	6,463	6,878	5,901
Investment in equity accounted investees	11,694	10,949	11,224	–	–	–
Total assets	**818,986**	**766,053**	**791,935**	**6,463**	**6,878**	**5,901**
Segment liabilities	240,874	218,103	219,626	21,114	21,558	20,075
Total liabilities	**240,874**	**218,103**	**219,626**	**21,114**	**21,558**	**20,075**
Capital expenditure	20,624	9,506	42,231	51	–	47
Depreciation and amortisation	8,632	7,437	15,388	64	67	127

(i) Certain amounts shown above do not correspond to the Interim Report as at 31 March 2016 and reflect adjustments made as detailed in Note 10: Reconciliation of Previously Reported Statements.

Eliminations			Total		
Unaudited 6 months ended 31 March 2017 $000	Unaudited 6 months ended 31 March 2016 (i) $000	Audited 12 months ended 30 September 2016 $000	**Unaudited 6 months ended 31 March 2017 $000**	Unaudited 6 months ended 31 March 2016 (i) $000	Audited 12 months ended 30 September 2016 $000
–	–	–	230,363	219,400	463,469
(1,591)	(1,117)	(2,512)	–	–	–
(1,591)	(1,117)	(2,512)	230,363	219,400	463,469
–	**–**	**–**	**18,573**	**17,918**	**36,564**
			470	314	1,249
			19,043	**18,232**	**37,813**

Discontinued Operation			Total		
Unaudited 6 months ended 31 March 2017 $000	Unaudited 6 months ended 31 March 2016 (i) $000	Audited 12 months ended 30 September 2016 $000	**Unaudited 6 months ended 31 March 2017 $000**	Unaudited 6 months ended 31 March 2016 (i) $000	Audited 12 months ended 30 September 2016 $000
–	4,094	–	813,755	766,076	786,612
–	–	–	11,694	10,949	11,224
–	**4,094**	**–**	**825,449**	**777,025**	**797,836**
–	347	–	261,988	240,008	239,701
–	**347**	**–**	**261,988**	**240,008**	**239,701**
–	–	–	20,675	9,506	42,278
–	–	–	8,696	7,504	15,515

NOTES TO THE INTERIM FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 31 MARCH 2017

3. SEGMENT REPORTING (CONTINUED)

(c) Revenue by destination of sale (continuing operations)

	Unaudited 6 months ended 31 March 2017 $000	Unaudited 6 months ended 31 March 2016 (i) $000	Audited 12 months ended 30 September 2016 $000
New Zealand	79,666	68,717	155,977
Australia	33,391	36,923	69,601
Europe	16,619	20,864	52,842
North America	39,936	37,267	69,779
Japan	9,117	6,374	16,029
China	20,062	20,502	40,022
Hong Kong	2,217	2,020	8,506
Korea	7,097	7,554	11,079
Other Asia	8,966	8,073	18,260
Africa	7,333	6,001	10,782
Middle East	3,243	3,213	6,503
Pacific	1,661	1,269	2,857
Other	1,055	623	1,232
Revenue	**230,363**	**219,400**	**463,469**

(i) Certain amounts shown above do not correspond to the Interim Report as at 31 March 2016 and reflect adjustments made as detailed in Note 10: Reconciliation of Previously Reported Statements.

The revenue information above is based on the delivery destination of sales.

Sales to one customer for the period accounted for $26.3m or 11% of sales from continuing operations (March 2016: $31.2m and 14%, September 2016: $53.0m and 11%).

4. BANK LOANS (SECURED)

	Carrying and face value		
	Unaudited 31 March 2017 $000	Unaudited 31 March 2016 $000	Audited 30 September 2016 $000
Balance at beginning of period	**176,634**	**154,780**	**154,780**
Term			
Proceeds	29,700	39,880	41,240
Repaid	(5,000)	(15,402)	(18,402)
Bank overdraft and short term borrowings			
Movement	(52)	(612)	(984)
Balance at end of period	**201,282**	**178,646**	**176,634**
Interest rates applicable	2.62% - 3.06%	3.34% - 6.37%	2.72% - 3.12%

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

All borrowings are subject to covenant arrangements. The Group has complied with all covenants during the period (March and September 2016: all covenants were complied with).

The repayment dates of secured bank loans outstanding at 31 March 2017 are: 30 April 2018 – $40m, 30 April 2019 – $56.1m, 30 April 2020 – $50m. Interest rates for all loans are floating based on the bank bill rate plus a margin. The Group's policy for bank loans is to hedge between 25% and 75% of floating rate debt using interest rate swaps.

5. DIVIDENDS

The following dividends were declared and paid by the Company:

	Unaudited 6 months ended 31 March 2017 $000	Unaudited 6 months ended 31 March 2016 $000	Audited 12 months ended 30 September 2016 $000
Ordinary dividend ($0.14 per share) December 2016 ($0.14 per share December 2015, $0.09 per share June 2016)	13,088	13,094	21,507

On 24 May 2017 the Directors approved an interim dividend of 9 cents per share (fully imputed) to be paid on 16 June 2017. This dividend has not been provided for in the accounts at 31 March 2017.

6. CONTINGENT LIABILITIES AND COMMITMENTS

(a) Contingent liabilities

	Unaudited 31 March 2017 $000	Unaudited 31 March 2016 $000	Audited 30 September 2016 $000
Guarantees (other)	566	3,686	566

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 times as it becomes probable that the Group will be required to make payments under the guarantees.

(b) Commitments

The estimated capital expenditure for property, plant and equipment contracted for at reporting date but not provided is $3.2m for the Group (30 September 2016: $4.4m, 31 March 2016: $19.5m).

7. IMPAIRMENT OF NON-CURRENT ASSETS

31 March 2017

An impairment of $0.1m was recognised in respect of the Auckland Fish Market hospitality equipment as a result of management's decision to close the hospitality division of this business in February 2017.

30 September 2016

In the six months to September 2016, *San Aramand* was impaired by $0.3m as a result of a fire on board the vessel. This vessel is being repaired under the Group's insurance policy and has commenced fishing activities in May 2017. Other investments were impaired by $46k.

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 the discontinued operation in the income statement for the six months ended 31 March 2016. This vessel was sold in May 2016.

8. FINANCIAL INSTRUMENTS

Carrying amounts and fair values

The following table shows the carrying amounts and fair values of financial assets and financial liabilities.

	Unaudited 6 months ended 31 March 2017 $000	Unaudited 6 months ended 31 March 2016 $000	Audited 12 months ended 30 September 2016 $000
Non-derivative financial assets not measured at fair value			
Trade receivables	67,647	63,044	64,340
Cash and cash equivalents	5,381	8,635	3,589
Other receivables - advances to associates	420	553	424
Non-derivative financial assets measured at fair value			
Shares in other companies (Level 3)	89	135	89
Non-derivative financial liabilities not measured at fair value			
Bank overdraft and borrowings (secured)	(55,182)	(55,606)	(55,234)
Trade and other payables	(26,941)	(22,908)	(21,907)
Bank loans (secured)	(146,100)	(123,040)	(121,400)
Total non-derivative financial (liabilities)	**(154,686)**	**(129,187)**	**(130,099)**
Derivative financial assets (liabilities) measured at fair value			
Forward exchange contracts (Level 2)	5,660	2,962	9,516
Foreign currency options (Level 2)	6,460	1,850	9,684
Interest rate swaps (Level 2)	(4,584)	(7,506)	(9,266)
Fuel swaps (Level 2)	36	(3,717)	(657)
Total derivative financial assets (liabilities)	**7,572**	**(6,411)**	**9,277**

Other payables that are not financial liabilities are excluded (provisions and employee entitlements: March 2017 $7.6m, March 2016 $8.2m, September 2016 $8.0m).

9. ASSETS CLASSIFIED AS HELD FOR SALE AND DISCONTINUED OPERATION

(a) Assets Classified as Held for Sale

	Unaudited 31 March 2017 $000	Unaudited 31 March 2016 $000	Audited 30 September 2016 $000
Property, plant & equipment at fair value (continuing operations)	8,809	8,933	8,796
Property, plant & equipment at fair value (discontinued operation)	–	4,094	–
Total assets held for sale	**8,809**	**13,027**	**8,796**
Liabilities (discontinued operation)	–	347	–
Total liabilities held for sale	**–**	**347**	**–**

Continuing operations

During the 2015 financial year, the Group exited the mussel processing plant based in Christchurch, which continues to be marketed for sale.

Due to its replacement by *San Aramand*, agreement was reached in February 2017 to sell *Christmas Creek* for $0.2m. Consequently this vessel is classified as held for sale at 31 March 2017.

Discontinued operation

Unsatisfactory returns of 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. During the 2016 year, the carrying value of the remaining vessel, *San Nikunau*, was impaired by $5m and recognised in the result of the discontinued operation (see note 9b). In May 2016, the vessel was sold for $3.9m.

9. ASSETS CLASSIFIED AS HELD FOR SALE AND DISCONTINUED OPERATION (CONTINUED)

(b) Discontinued Operation

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

	Unaudited 31 March 2017 $000	Unaudited 31 March 2016 $000	Audited 30 September 2016 $000
(i) Assets			
Property, plant and equipment	–	4,094	–
Total	**–**	**4,094**	**–**
(ii) Liabilities			
Other payables, provisions and accruals	–	28	–
Deferred taxation	–	319	–
Total	**–**	**347**	**–**
(iii) Income Statement			
Revenue	–	3	3
Operating gain	–	866	717
Impairment	–	(5,000)	(5,000)
Loss before income tax	**–**	**(4,131)**	**(4,280)**
Income tax benefit	–	1,157	1,198
Loss for the year	**–**	**(2,974)**	**(3,082)**
(iv) Cash flows			
Operating cash flows	–	(543)	(520)
Investing cash flows	–	–	3,917
Total	**–**	**(543)**	**3,397**

10. RECONCILIATION OF PREVIOUSLY REPORTED STATEMENTS

Income Statement for the six months ended 31 March 2016

	6 months ended 31 March 2016 $000	Change in Accounting Policy (i) $000	Disclosure Change (ii) $000	6 months ended 31 March 2016 (Restated) $000
Continuing Operations				
Sales	215,649	–	3,751	219,400
Cost of sales	(164,666)	–	–	(164,666)
Gross profit	**50,983**	**–**	**3,751**	**54,734**
Other income	2,292	–	–	2,292
Distribution expenses	(11,510)	–	–	(11,510)
Administrative expenses	(11,671)	–	–	(11,671)
Other expenses	(3,788)	–	–	(3,788)
Operating profit	**26,306**	**–**	**3,751**	**30,057**
Finance income	7,686	(3,527)	(3,751)	408
Finance expenses	(4,383)	–	–	(4,383)
Net finance income (expense)	**3,303**	**(3,527)**	**(3,751)**	**(3,975)**
Share of profit of equity accounted investees	314	–	–	314
Profit before income tax	**29,923**	**(3,527)**	**–**	**26,396**
Income tax expense	(8,164)	–	–	(8,164)
Profit for the period from continuing operations	**21,759**	**(3,527)**	**–**	**18,232**
Discontinued Operation				
Loss for the period from discontinued operation	(2,974)	–	–	(2,974)
Profit for the period	**18,785**	**(3,527)**	**–**	**15,258**
Profit attributable to:				
Equity holders of the parent	18,780	(3,527)	–	15,253
Non controlling interest	5	–	–	5
	18,785	**(3,527)**	**–**	**15,258**
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	(3.8)	–	19.4
From discontinued operation	(3.1)	–	–	(3.1)
From profit for the period	**20.1**	**(3.8)**	**–**	**16.3**

(i) Change in Accounting Policy

The restated figures represent the impact of the change in the treatment of the time value component of foreign currency option contracts designated in hedge relationships as further described in Note 2 and the financial statements for the year ended 30 September 2016.

(ii) Disclosure Change

Foreign exchange gains and losses on hedging instruments linked to sales transactions which have already taken place were previously taken to profit or loss through finance income or expenses. The Directors have determined that these are more appropriately presented as an offset to the transactions to which they relate, in revenue.

Comparative disclosures have been restated to reflect this disclosure change.

10. RECONCILIATION OF PREVIOUSLY REPORTED STATEMENTS (CONTINUED)

Statement of Comprehensive Income for the six months ended 31 March 2016

	6 months ended 31 March 2016 $000	Change in Accounting Policy (i) $000	6 months ended 31 March 2016 (Restated) $000
Profit for the period (after tax)	18,785	(3,527)	15,258
Other comprehensive income			
Items that may be reclassified to the income statement:			
Foreign currency translation differences	47	–	47
Change in fair value of cash flow hedges	26,933	–	26,933
Income tax on cash flow hedges	(7,541)	–	(7,541)
Cost of hedging gains recognised in other comprehensive income	–	3,527	3,527
Income tax on cost of hedging	–	(988)	(988)
Items that may not be reclassified to the income statement:			
Movement in share-based payment reserve	72	–	72
Other comprehensive income for the period	**19,511**	**2,539**	**22,050**
Total comprehensive income for the period	**38,296**	**(988)**	**37,308**
Total comprehensive income for the period is attributable to:			
Equity holders of the parent	38,291	(988)	37,303
Non controlling interest	5	–	5
Total comprehensive income for the period	**38,296**	**(988)**	**37,308**
Total comprehensive income attributable to equity shareholders arises from:			
Continuing operations	41,270	(988)	40,282
Discontinued operation	(2,974)	–	(2,974)
	38,296	**(988)**	**37,308**

(i) Change in Accounting Policy

The restated figures represent the impact of the change in the treatment of the time value component of foreign currency option contracts designated in hedging relationships as further described in Note 2 and the financial statements for the year ended 30 September 2016.

10. RECONCILIATION OF PREVIOUSLY REPORTED STATEMENTS (CONTINUED)

Statement of Financial Position at 31 March 2016

	6 months ended 31 March 2016 $000	Change in Accounting Policy (i) $000	6 months ended 31 March 2016 (Restated) $000
Current assets			
Cash on hand and at bank	8,635	–	8,635
Trade debtors	63,044	–	63,044
Derivative financial instruments	149	–	149
Other receivables and prepayments	9,600	–	9,600
Biological assets	13,423	–	13,423
Inventories	41,266	–	41,266
Assets held for sale	13,027	–	13,027
Total current assets	**149,144**	**–**	**149,144**
Non-current assets			
Property, plant and equipment	95,810	–	95,810
Investments	11,083	–	11,083
Derivative financial instruments	7,887	–	7,887
Biological assets	12,778	–	12,778
Intangible assets	500,323	–	500,323
Total non-current assets	**627,881**	**–**	**627,881**
Total assets	**777,025**	**–**	**777,025**
Current liabilities			
Bank overdraft and borrowings (secured)	55,606	–	55,606
Derivative financial instruments	6,078	–	6,078
Trade and other payables	31,068	–	31,068
Taxation payable	3,017	–	3,017
Liabilities held for sale	347	–	347
Total current liabilities	**96,116**	**–**	**96,116**
Non-current liabilities			
Bank loans (secured)	123,040	–	123,040
Contributions received in advance	3,740	–	3,740
Employee entitlements	1,819	–	1,819
Derivative financial instruments	8,369	–	8,369
Deferred taxation	5,552	448	6,000
Lease obligation	924	–	924
Total non-current liabilities	**143,444**	**448**	**143,892**
Total liabilities	**239,560**	**448**	**240,008**

10. RECONCILIATION OF PREVIOUSLY REPORTED STATEMENTS (CONTINUED)

Statement of Financial Position at 31 March 2016 (continued)

	6 months ended 31 March 2016 $000	Change in Accounting Policy (i) $000	6 months ended 31 March 2016 (Restated) $000
Equity			
Paid in capital	94,680	–	94,680
Retained earnings	446,682	(1,596)	445,086
Other reserves	(4,326)	1,148	(3,178)
Shareholder funds	**537,036**	**(448)**	**536,588**
Non controlling interest	429	–	429
Total equity	**537,465**	**(448)**	**537,017**
Total equity and liabilities	**777,025**	**–**	**777,025**

(i) Change in Accounting Policy

The restated figures represent the impact of the change in the treatment of the time value component of foreign currency option contracts designated in hedging relationships as further described in Note 2 and the financial statements for the year ended 30 September 2016.

11. HAVELOCK SITE UPDATE

It was noted in the 30 September 2016 financial statements that Sanford's Havelock mussel processing site was impacted by the 14 November 2016 Kaikoura earthquake. Discussions with the Company's insurance providers is ongoing as to how best remediate the damage caused by the earthquake. In the interim, the facility continues to operate as planned, working around the damaged aspects of the site. No insurance related balances have been recognised in the half year financial statements in respect of this event.

12. SUBSEQUENT EVENTS

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

DIRECTORY

Board of Directors

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

Executive Management

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

Registered Office

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

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

Principal Bankers

ANZ Bank New Zealand Limited
Bank of New Zealand
Rabobank New Zealand Limited

Solicitors

Chapman Tripp
Russell McVeagh

Group Auditors

KPMG, Auckland

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 (price $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.investorcentre.com/nz

General Enquiries

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

Telephone +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.


SANFORD
BEAUTIFUL
- NEW ZEALAND -
SEAFOOD

Ⓡ

SPICED PATAGONIAN TOOTHFISH WITH CAULIFLOWER MASALA AND MINT CHUTNEY

AUCKLAND FISH MARKET / SERVES 2

FOR CAULIFLOWER MASALA

450g cauliflower	*TEMPERING SPICES*
150g onion (chopped)	2 tbsp oil
150g tomato (chopped)	1 tsp fennel seeds
2 tsp ginger-garlic paste	3 inch stick of cinnamon
½ tsp garam masala	1 cardamom pod
1 tsp red chilli powder	2 whole cloves
1 tsp coriander powder	
1 tsp turmeric powder	
2 tbsp coriander leaves (chopped)	

FOR MINT CHUTNEY

100g mint leaves	2 tbsp lemon juice
50g coriander leaves	50g Greek yoghurt
10g fresh ginger	10g chaat masala
1 green chilli	Salt to taste

FOR FRYING FISH

150g toothfish	1 tsp crushed chillies
2 tbsp oil	1 sprig curry leaves
1 tsp fennel seeds	

METHOD

1. For chutney put the herbs in a food processor or blender with the ginger, chillies and lemon juice and process until smooth. Stir in the yoghurt, chaat masala and salt to taste. Store in the fridge.
2. For cauliflower masala, heat oil in a shallow pan add all the tempering spices with chopped onion and curry leaves and fry until onions are transparent.
3. Add ginger-garlic paste, cook for 2 minutes, add chopped tomatoes and cook until soft.
4. Add all the dry spices and cook for a further 5 minutes on low heat.
5. Add the cauliflower florets with ¼ cup of water. Cover and cook until the cauliflower is soft, add chopped coriander.
6. Season.
7. To cook the fish, heat oil in a pan. Pan sear the fish for 3 minutes on one side, then turn it and cook for further 2 to 3 minutes. Depending on the thickness of the fish, bake it in oven for around 3 minutes once it is sealed nicely.
8. Bring the pan back to the heat, add butter put fennel seeds, crushed red chilli and curry leaf. Once the butter is foaming use a spoon to continuously baste the fish fillets.
9. Rest the fillet on paper towel. To serve, place cauliflower masala on a plate, place the fish on top and drizzle over mint chutney.