



SANFORD LIMITED
SUSTAINABLE SEAFOOD

28 January 2009

MANAGING DIRECTOR'S ADDRESS

Thank you Mr Cole.

Last year I spoke to you about enhancing and restoring shareholder value. I indicated that with an adverse exchange rate environment we would be focusing on improving operational performance and enhancing the market value of our products. While the results were enhanced by the one off gains from the sale of our shares in Canadian based FPI we achieved record prices for many of our products in most export markets. That enabled us to offset the high exchange rate and fuel prices for most of the year and make some useful exchange rate gains as the dollar declined towards the end of our financial year.

Since the end of the financial year we have been faced with a grim economic and financial outlook in most of our export markets. That created an environment of uncertainty which forced customers and buyers to reassess their ability to purchase and finance inventories to the same level as previously. It is fair to say however that in the last month there has been some reduction in the level of uncertainty and the stronger and more substantial buyers are now starting to return to greater levels of buying activity albeit continuing to seek price reductions to reflect changes in exchange rates particularly relating to the Japanese Yen.

Despite this uncertainty we would expect an improved trading result; this is based on the more favourable exchange rates and lower fuel prices.

Operational Performance - Inshore

We are currently installing the final stage of our advanced processing technology equipment in Auckland and Tauranga. These technologies continue our focus on increasing the efficiency of our production processes through improved yields, quality and cost efficiencies. We continue to review the effectiveness of our inshore fleet and during the year we sold a number of surplus inshore fishing vessels.

We have developed a new tourist attraction called the Big Picture Experience at the Auckland Fish Market utilizing the Fish Auction Room. After the fish auction each morning the room is transformed into a wine tasting experience where customers learn the aromas associated with wines and taste wines with a video tour of six wineries in the Auckland region where each winemaker introduces the aroma and taste of their wine and recommends a suitable seafood matching.

Improving Operational Performance – Deepwater

The cooperative catching arrangements for Orange Roughy and Oreo Dory on the Chatham rise was successful in improving operational efficiency. Further investment is being made in fishmeal and oil recovery plants on the two hoki freezer vessels and fuel efficiency continues to be a focus despite the drop in fuel prices.



SANFORD LIMITED
SUSTAINABLE SEAFOOD

Improving Operational Performance – Aquaculture

Our aquaculture operations performed to plan last year and we continue to work to increase production levels and efficiency from better utilization of our existing space. As always we have a reliable supply base of individual marine farmers who regularly supply us with pacific oysters in the North and mussels in Coromandel, Havelock and Stewart Island.

The automated mussel opening line is fully operational on both shifts in Havelock and delivering the expected gains in yield and lower production costs.

The new salmon farm cages, nets and feeding systems are fully installed and operational on one site and the second site will be completed within the next two months. This will enable increased salmon production volumes along with more efficient feed usage.

Improving Operational Performance – International

Increased catch volumes and record high market prices for skipjack tuna produced excellent results for our Pacific Tuna vessels last year. Since the end of the financial year tuna prices have softened considerably and catches have been lower. While the exchange rate and fuel prices will help this year it is unlikely we will achieve the level of returns of this previous year.

Profitability in Australia was steady and some additional quota was purchased during the year and we continue to seek ways in which we can profitably expand our interests and business there.

The San Aspiring again fished for toothfish successfully in the South Georgia and South Sandwich Island area under United Kingdom management and access arrangements and we are hopeful of this continuing in the future.

Results from Weihai Dong Won Food plant in China continue to improve as production volumes increases and margins are able to be improved.

Outlook

While there is still a reasonable degree of uncertainty in most of our markets there are signs that the uncertainty at least is easing. Seafood is already established as a mainstream health food. With wild fish catches unlikely to increase in the near future and New Zealand aquaculture species highly regarded we are expecting that demand will remain strong for our products. The final outcome for the year will depend to a large extent on ability to translate that demand into realistic market prices that based on a forecast 52 to 53 cent exchange rate will generate a satisfactory return to shareholders.

I must pay tribute to the excellent management team that I introduced to you earlier. They and their managers and staff remain totally committed to this industry and Sanford.

E F Barratt
Managing Director