SANFORD LIMITED
SUSTAINABLE SEAFOOD

Interim Report 2013/14

From sea to food – Over 100 years of sustained growth








SANFORD LIMITED
SUSTAINABLE SEAFOOD

Interim Report to Shareholders

For the six months ended 31 March 2014

The Directors are pleased to present the Interim Report of Sanford Limited for the six months ended 31 March 2014.

For and on behalf of the Board of Directors:

J G Todd
Chairman
28 May 2014

E M Coutts
Director

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Chairman and CEO's Report

Overview

Profit after tax for the period decreased 17% to $11.7m unaudited ($14.1m unaudited last year) largely due to timing of sales and significantly reduced prices for skipjack tuna and other pelagic species. These factors resulted in a reduction in revenue for the six months ended 31 March 2014 of 10% to $221.1m while EBITDA decreased 17% from $28.8m to $23.9m.

Consolidated Interim Income Statement

	Unaudited 6 months ended 31 March 2014	Unaudited 6 months ended 31 March 2013 (restated)*	Audited 12 months ended 30 September 2013 (restated)*
	$000	$000	$000
Revenue	**221,052**	**244,575**	**462,644**
EBITDA**	**23,861**	**28,768**	**49,286**
Depreciation and amortisation	(9,047)	(8,575)	(17,428)
Impairment	–	(1,410)	(4,227)
EBIT**	**14,814**	**18,783**	**27,631**
Net interest	(4,545)	(4,555)	(8,692)
Net currency exchange gains	5,556	5,852	10,349
Net gain on sale of investments, property, plant & equipment	435	229	152
Profit before income tax	**16,260**	**20,309**	**29,440**
Income tax expense	(4,549)	(6,244)	(9,040)
Profit for the period	**11,711**	**14,065**	**20,400**
Profit attributable to:			
Equity holders of the Group	11,757	14,030	20,361
Non controlling interest	(46)	35	39
	11,711	**14,065**	**20,400**

* Certain amounts shown here do not correspond to the 2013 Interim Report and the 2013 Annual Report and reflect adjustments made as detailed in note 12 of the Financial Statements (pages 31-36 of this report).

** For a comprehensive definition and reconciliation of this measure to the GAAP measure of net profit refer to page 13 of this report.

Dividend

Directors have decided to maintain the interim dividend at 9 cents per share which will be payable 20 June 2014.

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Chairman and CEO's Report

Highlights

The first half of this financial year has been marked by the arrival of our new CEO, Volker Kuntzsch, following the retirement of Eric Barratt, Managing Director of 16 years. We thank Eric for the leadership he exhibited in Sanford Limited and the seafood industry, locally and internationally.

Commodity price trends varied greatly, depending on species, with pelagics, especially skipjack tuna, being significantly down on the previous year. Our aquaculture division has improved on the back of attractive pricing for Greenshell mussels and king salmon.

Total revenue has also been affected as a result of the natural availability of certain species, seasonality of catches, and tactical decisions influencing the timing of sales.

The introduction of a Culture of Continuous Improvement across the Group is leading to a stronger focus on quality and value, and successfully complements our sustainable development activities.

The average US dollar exchange rate (before allowing for foreign exchange gains) for the six months increased marginally to US$0.832 from US$0.829 for the same period last year.

Health & Safety

Sanford has embarked on a programme to improve the way health & safety is embedded into the organisation's culture. Initiatives to promote people engagement, greater awareness and learning, and an improved understanding of responsibilities have been introduced.

Committed leadership from Director and executive levels support the organisation to adopt higher standards of effective safety management throughout the Company's diverse range of operations. The implementation of the new Maritime Operator Safety System, as introduced by Maritime New Zealand, has made good progress.

Chairman and CEO's Report

Sustainable Development

We continually strive to work more responsibly across our marine environment and land based factories to underpin our commitment to producing sustainable seafood. The impact of our operations is measured and communicated annually through our Sustainable Development Report.

Fishing

Freezer Trawlers

Our three freezer trawlers, San Waitaki, San Discovery, and San Enterprise are ahead of expectations, but behind last year due to scheduled dry dockings, differences in the timing of landings and subsequent product sales compared to the same period a year ago.

Freezer Longliners

Both vessels, San Aotea II and San Aspiring have had a better than expected fishing season in the Ross Sea and performance has improved compared to last year.

Scampi Freezer Vessels

Sanford's five scampi vessels are slightly behind expectations due to a drop off in catches during March and refit delays with the San Tangaroa. The other four vessels compare well to last year.

Charter Vessels

We are chartering three Korean vessels (last year: four) that contribute to an efficient utilisation of our annual catch entitlement and enable us to harvest species that require specialist fishing skills, for example squid. Due to the reduction in the number of vessels the operation is behind last year, but ahead of expectations.

Inshore

Auckland-based vessels performed behind last year due to lower regional trevally and barracouta catches, while snapper catches have improved.

Chairman and CEO's Report

Tauranga-based vessels' performance is similar to last year, but slightly below expectations, mainly due to reduced jack mackerel and kahawai catches. Trevally catches have been good. This year's skipjack season is now complete with catches slightly better than anticipated. Weak demand and price for pelagic species, in particular blue mackerel, have the potential to further impact on Tauranga's performance.

The overall result for Timaru-based vessels is well below last year, mainly due to reduced catches of barracouta and hoki, but these are expected to improve in the second half of the year.

Our processing plants have made great progress in implementing a Culture of Continuous Improvement, resulting in a safer workplace, impressive idea generation throughout the workforce and ongoing efficiency improvements that will strengthen our position within the local communities.

Quota Trading

Surplus annual catch entitlement (ACE) of species in excess of our internal requirements or catching capacity is traded out to other fishers. This trading activity has delivered a return similar to last year.

Pacific Tuna

Despite higher catches compared to the same period last year, revenue for the six months was significantly down due to tuna prices in the Bangkok market almost halving. Although R&M expenses for our three international purse seiner vessels were lower than expected, total costs were greater than last year as all three vessels were operational for this half year. Significant cost increases compared with the prior year are an increase in depreciation following capital upgrades, fishing access and fuel costs. These led to an unsatisfactory result for the period.

Chairman and CEO's Report

Aquaculture

Greenshell Mussels

Improved market prices, an increase in the fair value of stock in water and lower than expected production expenses, have resulted in significantly improved results compared to the previous year, although volumes were slightly lower than anticipated.

King Salmon

Harvesting volumes are down on last year due to fish losses from a damaged cage, but results have improved due to strong fresh fish sales into the New Zealand market.

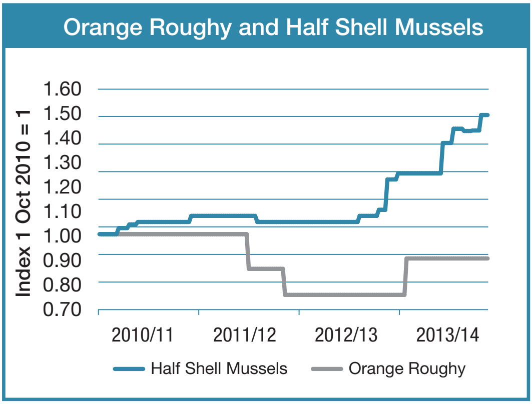
Markets and Pricing

The major export markets for our main species have either been buoyant or remained firm for the first six months. The only significant exceptions have been the skipjack commodity market which has suffered from short term oversupply, and the blue mackerel market which has experienced a significant reduction in demand. The domestic market has performed well, particularly for quality fresh fish.

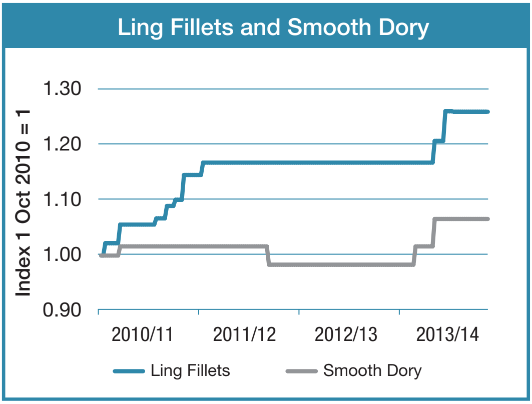
The following graphs highlight the price trends of our most important species over the past six months as compared with the previous three years, with all prices indexed to 1 October 2010.

Mussel prices have firmed strongly in all markets and demand currently exceeds available supply. The shortage of raw material is not expected to improve for around two years due to limited spat supply. The sale of retail pack mussels into a range of overseas markets continues to progress steadily.

Chairman and CEO's Report



The orange roughy price has remained stable over the past six months. Major US retailers have shown growing confidence in the sustainability of orange roughy fisheries managed under the robust New Zealand quota management system. Sustainability certification for the main orange roughy fisheries is being progressed.



Ling demand and prices remain firm in all markets, particularly Asia. Smooth dory fillet prices have been improving over the past year and are expected to remain strong. Demand for smooth dory is firm from all major markets.

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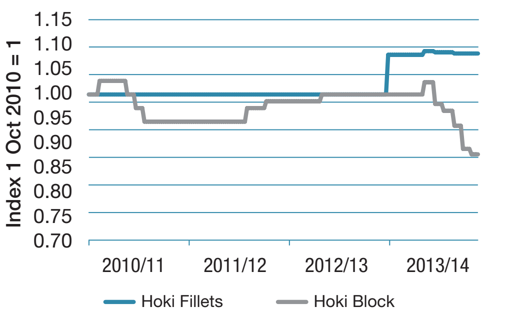
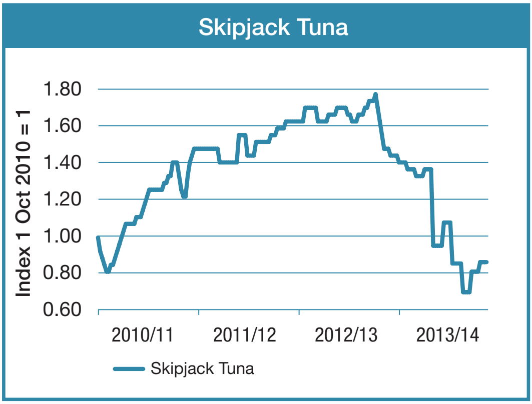
Chairman and CEO's Report

Hoki Fillets and Block



Hoki prices have softened for commodity fillet block as a result of competitive pressures from other whitefish supply, but discerning customers are increasingly differentiating hoki from species like Alaskan pollock on the basis of its own superior characteristics. Hoki fillet prices have been holding steady gains in the past several months. Competitive pressures continue in a range of international markets from the supply of alternative whitefish such as Atlantic cod as well as Alaskan and Russian pollock.

Chairman and CEO's Report



Skipjack tuna prices declined sharply from record levels reached last year as a result of a strong period of catching in all international fisheries. There have been some recent signs of a modest improvement in skipjack prices and this encouraging trend is likely to continue through the next quarter. Jack mackerel prices continue to remain strong in most markets and demand is steady. Blue mackerel prices have softened because of the decline in skipjack pricing as both products are used as canning commodities.

Squid market prices remained steady for the past several months but have recently firmed because of poor catches in New Zealand this season. The demand for squid remains steady from all markets.

Scampi prices are stable and demand is firm with product shipped as it is caught. Demand is expected to remain firm in all the traditional markets.

International salmon prices have been buoyant in recent times. The demand for king salmon has exceeded our supply and prices have been rising both on the domestic and international markets.

Chairman and CEO's Report

Australia Seafood Segment

The Australian wholesale market business has improved, but performance is below our medium term expectations. Restructuring efforts and an increase in marketing products from our New Zealand production through this channel have resulted in marginally improved returns.

Product Development Initiatives

Considerable effort is being invested in initiatives to market products beyond a commodity format. A range of tailored retail products has been successfully developed in conjunction with our key customer in the Australian market. Similar initiatives are occurring in other markets with revised packaging formats designed to enhance returns.

Investments

North Island Mussels Limited (NIML)

Greenshell mussel crop supply to NIML, 50% owned by Sanford, has been below expectations and last year due to a shortage of spat supply. The supply shortfall, higher purchase costs for crop in Coromandel, coupled with fixed processing costs, resulted in a loss in the first six months of this financial year.

Weihai Dong Won Food Company Limited

Production and profitability at Weihai Dong Won, 50% owned by Sanford, continues to be steady and as per expectations. We take pride in maintaining a good working environment for our staff, which is exemplified by a return rate of workers to the plant after Chinese New Year of over 90%. The high return of experienced staff also allows Weihai Dong Won to process and supply consistent and high quality products to our customers.

SPATnz

This Primary Growth Partnership project has made great progress in hatchery-reared Greenshell mussels. The upscaling of the operation has, however, been delayed slightly due to weather and building constraints.

Chairman and CEO's Report

Precision Seafood Harvesting (PSH)

PSH now has three prototype designs being commercially tested in the snapper, middle depths and hoki fisheries. The designs are intended to deliver fish of a very high quality, improve in-water selectivity and enhance post-harvest survival. Increasing familiarity of the test vessels and their crew with the new design is allowing a growing volume of high quality seafood to be landed to market including some live fish deliveries.

Iwi Collective Partnership

Our relationship with 12 iwi in the Iwi Collective Partnership (ICP) continues to strengthen our business by giving us access to a valuable package of deepwater catching rights, and also assisting us to work more confidently within Maori communities. An ICP representative joined us in Korea to meet our joint venture partners and tour the Weihai Dong Won Food factory in Weihai, China. Three more scholarships have been awarded, including for the first time a Sanford staff member with ICP affiliations.

Chairman and CEO's Report

Financial

Consolidated Statement of Financial Position

The adoption of NZ IFRS 11: *Joint Arrangements* results in the proportionate consolidation of our 50% holding in North Island Mussels Limited. However, this has not materially impacted our statement of financial position. The ratio of equity to total assets is slightly lower than September 2013 but remains strong at 69%. The working capital ratio has decreased to 1.69 as a result of our two year $35m term loan expiring in March 2015, being reclassified as a current liability. The repayment dates of some of our bank facilities will be reviewed to improve the working capital ratio at 30 September 2014.

Financing

In March 2014 we renewed our Rabobank one year working capital facility at more favourable pricing. Sanford Limited's financial covenants remain well covered.

Capital Expenditure

Capital expenditure primarily reflects the SPATnz mussel spat hatchery development and the rebuild of the Timaru coldstore which was completed in January 2014 at a final cost of $3.6m.

Chairman and CEO's Report

Six Month Outlook to 30 September 2014

A generally strong global demand for seafood will support firm prices for most of our products. However, pelagic species, for example skipjack tuna and blue mackerel, will remain under pressure compared to last year.

Weather permitting, supply from our fishing and aquaculture operations is expected to exceed the prior year. Our processing facilities will continue their focus on improving the value we derive from every tonne of seafood we harvest.

The acquisition of Greenshell New Zealand business assets after the reporting period will provide strategic benefits to our successful mussel business. The Coromandel-based assets will significantly enhance our supply and minimise biological risk through geographical diversity.

The continuing strength of the New Zealand dollar will present challenges but we are confident of offsetting these by improving our margins through CCI related efficiency improvements and the introduction of further value added items.

We have only just embarked on our mission to make Sanford the New Zealand Company of choice for customers, shareholders and employees by sustainably providing innovative, quality seafood and marine products. We are making some organisational changes to support our objectives and we are looking forward to implementing some exciting projects to improve our results.

The Directors and management thank all customers, colleagues and suppliers for their continued support of Sanford.

J G Todd
Chairman

28 May 2014

V Kuntzsch
Chief Executive Officer

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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 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 profit measures as reported by Sanford in accordance with NZ IFRS.

Definitions

EBITDA: Earnings before interest, taxation, depreciation, amortisation and impairment, total currency exchange gains and gain on sale of non-current assets

EBIT: Earnings before interest, taxation, total currency exchange gains and gain on sale of non-current assets

GAAP to Non-GAAP Reconciliation

	Unaudited 6 months ended 31 March 2014	Unaudited 6 months ended 31 March 2013 (restated)*	Audited 12 months ended 30 September 2013 (restated)*
	$000	$000	$000
Reported net profit for the period (GAAP)	**11,711**	**14,065**	**20,400**
Add back:			
Income tax expense	4,549	6,244	9,040
Net interest	4,545	4,555	8,692
Deduct:			
Net currency exchange gains	(5,556)	(5,852)	(10,349)
Net gain on sale of investments, property, plant & equipment	(435)	(229)	(152)
EBIT	**14,814**	**18,783**	**27,631**
Add back:			
Depreciation and amortisation	9,047	8,575	17,428
Impairment of non-current assets	–	1,410	4,227
EBITDA	**23,861**	**28,768**	**49,286**

* Certain amounts shown here do not correspond to the 2013 Interim Report and the 2013 Annual Report and reflect adjustments made as detailed in note 12 of the Financial Statements (pages 31-36 of this report).

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Consolidated Condensed Income Statement

For the six months ended 31 March 2014

	Note	Unaudited 6 months ended 31 March 2014	Unaudited 6 months ended 31 March 2013 (restated) (i)	Audited 12 months ended 30 September 2013 (restated) (i)
		$000	$000	$000
Revenue		221,052	244,575	462,644
Cost of sales		(185,217)	(199,705)	(389,491)
Gross profit		**35,835**	**44,870**	**73,153**
Other income	10, 11	4,964	3,239	9,802
Distribution expenses		(14,001)	(16,654)	(30,289)
Administrative expenses		(7,017)	(6,852)	(13,759)
Other expenses	8	(4,811)	(6,102)	(12,403)
Operating profit		**14,970**	**18,501**	**26,504**
Finance income		5,610	5,898	10,497
Finance expenses		(4,585)	(4,587)	(8,789)
Net finance income		**1,025**	**1,311**	**1,708**
Share of profit of equity accounted investees		265	497	1,228
Profit before income tax		**16,260**	**20,309**	**29,440**
Income tax expense		(4,549)	(6,244)	(9,040)
Profit for the period		**11,711**	**14,065**	**20,400**
Profit attributable to:				
Equity holders of the Group		11,757	14,030	20,361
Non controlling interest		(46)	35	39
		11,711	**14,065**	**20,400**
Earnings per share				
Basic and diluted earnings per share (cents)		12.6	15.0	21.7

(i) Certain amounts shown here do not correspond to the Interim Report as at 31 March 2013 and the Annual Report as at 30 September 2013 and reflect adjustments made as detailed in Note 12: Impact on Group's historical financial statements on adoption of NZIFRS 11: *Joint Arrangements*.

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Consolidated Condensed Statement of Comprehensive Income

For the six months ended 31 March 2014

	Unaudited 6 months ended 31 March 2014	Unaudited 6 months ended 31 March 2013	Audited 12 months ended 30 September 2013
	$000	$000	$000
Profit for the period (after tax)	**11,711**	**14,065**	**20,400**
Other comprehensive income			
Foreign currency translation differences	(695)	(79)	(1,821)
Change in fair value of cash flow hedges	3,594	1,240	4,405
Income tax on cash flow hedges	(1,006)	(347)	(1,233)
Total other comprehensive income for the period	**1,893**	**814**	**1,351**
Total comprehensive income for the period	**13,604**	**14,879**	**21,751**
Total comprehensive income for the period is attributable to:			
Equity holders of the Group	13,662	14,845	21,735
Non controlling interest	(58)	34	16
Total comprehensive income for the period	**13,604**	**14,879**	**21,751**

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Consolidated Condensed Statement of Financial Position

As at 31 March 2014

	Note	Unaudited 31 March 2014 $000	Unaudited 31 March 2013 (restated) (i) $000	Audited 30 September 2013 (restated) (i) $000
Equity				
Paid in capital		95,355	95,355	95,355
Retained earnings		446,444	449,890	447,795
Other reserves		13,088	10,624	11,183
Total equity attributable to shareholders of the Company		**554,887**	**555,869**	**554,333**
Non controlling interest		491	593	575
Total equity		**555,378**	**556,462**	**554,908**
Non-current liabilities				
Bank loans (secured)	4	140,110	181,267	161,469
Employee entitlements		1,744	1,762	1,895
Deferred taxation		16,055	8,559	13,376
Total non-current liabilities		**157,909**	**191,588**	**176,740**
Current liabilities				
Bank overdraft and borrowings (secured)		16,375	15,513	15,401
Current portion of term loan	4	43,750	–	600
Derivative financial instruments		–	1,224	–
Trade creditors		14,581	19,159	10,858
Other creditors, provisions and accruals		13,429	12,634	15,088
Employee entitlements		5,795	5,989	6,146
Taxation payable		–	2,951	273
Total current liabilities		**93,930**	**57,470**	**48,366**
Total liabilities		**251,839**	**249,058**	**225,106**
Total equity and liabilities		**807,217**	**805,520**	**780,014**
Non-current assets				
Property, plant and equipment		129,433	133,097	131,077
Investments		10,645	10,922	10,651
Biological assets		9,401	7,885	6,693
Intangible assets		498,779	496,275	499,177
Total non-current assets		**648,258**	**648,179**	**647,598**
Current assets				
Cash on hand and at bank		8,187	3,142	4,745
Trade debtors		56,666	62,732	50,053
Derivative financial instruments		21,673	14,623	16,808
Other debtors and prepayments		19,841	20,508	10,499
Tax refund		295	–	4,456
Biological assets		11,128	9,226	10,199
Inventories		39,573	37,988	33,496
Non-current assets held for sale		1,596	9,122	2,160
Total current assets		**158,959**	**157,341**	**132,416**
Total assets		**807,217**	**805,520**	**780,014**

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Consolidated Condensed Statement of Cash Flows

For the six months ended 31 March 2014

	Note	Unaudited 6 months ended 31 March 2014	Unaudited 6 months ended 31 March 2013 (restated) (i)	Audited 12 months ended 30 September 2013 (restated) (i)
		$000	$000	$000
Cash flows from operating activities				
Cash provided from:				
Receipts from customers		214,085	221,096	474,095
Interest received		40	32	104
Dividends received		14	14	51
		214,139	221,142	474,250
Cash applied to:				
Payments to suppliers and employees		209,294	206,054	413,548
Income tax (received) paid		(840)	6,825	12,624
Interest paid		4,711	5,021	9,465
		213,165	217,900	435,637
Net cash flows from operating activities	5	**974**	**3,242**	**38,613**
Cash flows from investing activities				
Cash provided from:				
Sale of property, plant and equipment		913	769	989
Sale of investments and subsidiaries		12	–	17
Dividends received from associates		260	556	1,035
Return of capital from associate		–	–	510
		1,185	1,325	2,551
Cash applied to:				
Purchase of property, plant and equipment		8,203	10,705	17,910
Net cash flows from investing activities		**(7,018)**	**(9,380)**	**(15,359)**
Cash flows from financing activities				
Cash provided from:				
Proceeds from borrowings	4	22,391	25,400	6,150
Cash applied to:				
Repayment of term loan	4	600	–	–
Dividends paid to parent shareholders	6	13,108	13,108	21,534
Dividends paid to non controlling shareholders in subsidiaries		26	–	–
		13,734	13,108	21,534
Net cash flows from financing activities		**8,657**	**12,292**	**(15,384)**
Net increase in cash and cash equivalents		**2,613**	**6,154**	**7,870**
Effect of exchange rate fluctuations on cash held		(145)	(48)	(49)
Cash and cash equivalents at beginning of the period		(10,656)	(18,477)	(18,477)
Cash and cash equivalents at end of the period		**(8,188)**	**(12,371)**	**(10,656)**
Represented by:				
Bank overdraft and borrowings at call		(16,375)	(15,513)	(15,401)
Cash on hand and at bank		8,187	3,142	4,745
		(8,188)	**(12,371)**	**(10,656)**

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Consolidated Condensed Statement of Changes in Equity

For the six months ended 31 March 2014

	Share Capital	Translation Reserve	Cash Flow Hedge Reserve	Retained Earnings	Total	Non Controlling Interest	Total Equity
	$000	$000	$000	$000	$000	$000	$000
Balance at 1 October 2013	**95,355**	**788**	**10,395**	**447,795**	**554,333**	**575**	**554,908**
Profit for the period (after tax)	–	–	–	11,757	11,757	(46)	11,711
Other comprehensive income							
Foreign currency translation differences	–	(683)	–	–	(683)	(12)	(695)
Change in fair value of cash flow hedges	–	–	3,594	–	3,594	–	3,594
Income tax on cash flow hedges	–	–	(1,006)	–	(1,006)	–	(1,006)
Total comprehensive income	**–**	**(683)**	**2,588**	**11,757**	**13,662**	**(58)**	**13,604**
Distributions to shareholders	–	–	–	(13,108)	(13,108)	(26)	(13,134)
Balance at 31 March 2014	**95,355**	**105**	**12,983**	**446,444**	**554,887**	**491**	**555,378**
Balance at 1 October 2012	**95,355**	**2,586**	**7,223**	**448,968**	**554,132**	**559**	**554,691**
Profit for the period (after tax)	–	–	–	14,030	14,030	35	14,065
Other comprehensive income							
Foreign currency translation differences	–	(78)	–	–	(78)	(1)	(79)
Change in fair value of cash flow hedges	–	–	1,240	–	1,240	–	1,240
Income tax on cash flow hedges	–	–	(347)	–	(347)	–	(347)
Total comprehensive income	**–**	**(78)**	**893**	**14,030**	**14,845**	**34**	**14,879**
Distributions to shareholders	–	–	–	(13,108)	(13,108)	–	(13,108)
Balance at 31 March 2013	**95,355**	**2,508**	**8,116**	**449,890**	**555,869**	**593**	**556,462**
Balance at 1 October 2012	**95,355**	**2,586**	**7,223**	**448,968**	**554,132**	**559**	**554,691**
Profit for the period (after tax)	–	–	–	20,361	20,361	39	20,400
Other comprehensive income							
Foreign currency translation differences	–	(1,798)	–	–	(1,798)	(23)	(1,821)
Change in fair value of cash flow hedges	–	–	4,405	–	4,405	–	4,405
Income tax on cash flow hedges	–	–	(1,233)	–	(1,233)	–	(1,233)
Total comprehensive income	**–**	**(1,798)**	**3,172**	**20,361**	**21,735**	**16**	**21,751**
Distributions to shareholders	–	–	–	(21,534)	(21,534)	–	(21,534)
Balance at 30 September 2013	**95,355**	**788**	**10,395**	**447,795**	**554,333**	**575**	**554,908**

Notes to the Interim Financial Statements

For the six months ended 31 March 2014

1. General Information

Sanford Limited (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 issuer for the purposes of the New Zealand Financial Reporting Act 2013 and is, accordingly, a reporting entity that is required to, and does, comply with the provisions of both the Companies Act 1993 and the Financial Reporting Act 2013 and with New Zealand Generally Accepted Accounting Practice. The Company is a tier 1 entity in accordance with XRB Standard A1 Accounting Standards Framework (For-Profit Entities Update). The Financial Statements presented are the consolidated Financial Statements of the Company, its subsidiaries, and joint arrangements (the Group) for the six months ended 31 March 2014.

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 2013, are unaudited. The comparative information for the year ended 30 September 2013 is audited.

2. Accounting Policies

There have been no changes in accounting policies except as detailed below. All other 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. The Interim Financial Statements should be read in conjunction with the Financial Statements for the year ended 30 September 2013.

NZ IFRS 10: *Consolidated Financial Statements* has replaced NZ IAS 27: *Consolidated and Separate Financial Statements* and establishes the principles for presentation and preparation of consolidated financial statements. The application of NZ IFRS 10 has not had any impact on the Group Financial Statements.

NZ IFRS 11: *Joint Arrangements* has replaced NZ IAS 31: *Interests in Joint Ventures*. Accounting for a joint arrangement is dependent on the nature of the rights and obligations arising from the arrangement. Joint arrangements that give the Company a right to the underlying assets and obligations for liabilities are joint operations and accounted for by recognising the share of those assets and liabilities using proportionate consolidation. Joint arrangements that give the Company a right to the net assets are joint ventures and accounted for using the equity method.

2. Accounting Policies (continued)

The adoption of NZ IFRS 11 has resulted in the Group changing its accounting policy to distinguish between accounting for joint arrangements as either a joint operation or as a joint venture. The 50% investment in North Island Mussels Limited (NIML) has now been classified as a joint operation so the Group now accounts for its right to the underlying assets and obligations for liabilities of NIML by recognising the share of those assets and liabilities using proportionate consolidation.

As required by NZ IFRS 11, the change in policy has been applied retrospectively and, as a consequence, adjustments were recognised in the statement of financial position as at 1 October 2012. The Group has derecognised its related investments in NIML at the beginning of the earliest period presented being 1 October 2012, and has recognised the carrying amounts of the assets and liabilities under proportionate consolidation. The change in accounting policy had no impact on the Group's net assets, items of equity, profit for the period and earnings per share.

The effect of the change in accounting policy on individual line items in the consolidated income statement, the consolidated statement of cash flows and the consolidated statement of financial position is shown in more detail in Note 12 – Impact on Group's historical financial statements on adoption of NZ IFRS 11: *Joint Arrangements*.

NZ IFRS 12: *Disclosure of Interests in Other Entities* is a new standard on disclosure requirements for all forms of interest in other entities, including subsidiaries, joint arrangements, associates, special purpose vehicles and other off balance sheet vehicles. NZ IFRS 12 has replaced the disclosure requirements of NZ IAS 28: *Investment in Associates* and will result in additional disclosures in the Group Financial Statements for the year ending 30 September 2014.

NZ IFRS 13: *Fair Value Measurement* establishes a single framework for measuring fair value and aims to enhance fair value disclosures. NZ IFRS 13 replaces and expands the disclosure requirements about fair value measurements in other financial reporting standards including NZ IFRS 7: *Financial Instruments: Disclosures.*

The Group has included additional disclosures on financial instruments in accordance with the transitional provisions of NZ IFRS 13. The change in policy has not had a significant impact on the measurement of the Group's assets and liabilities.

Notes to the Interim Financial Statements

For the six months ended 31 March 2014

3. Segment Reporting

The executive management of the Group monitors the operating results of the inshore fishing, deepwater fishing, aquaculture and international purse seiners divisions separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on the operating Income Statement. Capital expenditure consists of additions of property, plant and equipment.

The Group's key operating segments are:

- Inshore fishing – responsible for catching and processing inshore species of fish.
- Deepwater fishing – responsible for catching deepwater species of fish, several of the deepwater vessels also have processing facilities on board.
- Aquaculture – this division farms, harvests and processes salmon and mussels.
- International purse seiners – Sanford's three Pacific tuna vessels operate in international waters and are specifically designed for tuna fishing.

The Group has determined that the above operating segments should be aggregated to form one reportable segment to reflect the harvesting, processing and selling of seafood products. Further information on segment reporting is included in the Financial Statements for the year ended 30 September 2013.

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Notes to the Interim Financial Statements

For the six months ended 31 March 2014

3. Segment Reporting (continued)

(a) Income and expenditure (restated)

	New Zealand			Australia		
	Unaudited 31 March 2014	Unaudited 31 March 2013	Audited 30 September 2013	Unaudited 31 March 2014	Unaudited 31 March 2013	Audited 30 September 2013
	$000	$000	$000	$000	$000	$000
Total external revenues	205,753	224,046	424,564	15,299	20,529	38,080
Inter-segment revenue	1,717	10,099	3,442	–	–	–
Segment revenue	207,470	234,145	428,006	15,299	20,529	38,080
Segment profit for the period	**11,263**	**14,705**	**21,897**	**183**	**(1,149)**	**(2,738)**
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 (restated)

	New Zealand		
	Unaudited 31 March 2014	Unaudited 31 March 2013	Audited 30 September 2013
	$000	$000	$000
Segment assets	784,850	775,033	754,460
Investment in equity accounted investees	10,509	10,857	10,587
Total assets	**795,359**	**785,890**	**765,047**
Segment liabilities	232,610	224,937	203,986
Total liabilities	**232,610**	**224,937**	**203,986**
Capital expenditure	8,203	10,571	17,764
Depreciation and amortisation	8,981	8,473	17,249

Notes to the Interim Financial Statements

For the six months ended 31 March 2014

Eliminations			Total		
Unaudited 31 March 2014	Unaudited 31 March 2013	Audited 30 September 2013	Unaudited 31 March 2014	Unaudited 31 March 2013	Audited 30 September 2013
$000	$000	$000	$000	$000	$000
–	–	–	221,052	244,575	462,644
(1,717)	(10,099)	(3,442)	–	–	–
(1,717)	(10,099)	(3,442)	221,052	244,575	462,644
–	**12**	**13**	**11,446**	**13,568**	**19,172**
			265	497	1,228
			11,711	**14,065**	**20,400**

Australia			Total		
Unaudited 31 March 2014	Unaudited 31 March 2013	Audited 30 September 2013	Unaudited 31 March 2014	Unaudited 31 March 2013	Audited 30 September 2013
$000	$000	$000	$000	$000	$000
11,858	19,630	14,967	796,708	794,663	769,427
–	–	–	10,509	10,857	10,587
11,858	**19,630**	**14,967**	**807,217**	**805,520**	**780,014**
19,229	24,121	21,120	251,839	249,058	225,106
19,229	**24,121**	**21,120**	**251,839**	**249,058**	**225,106**
–	134	146	8,203	10,705	17,910
66	102	179	9,047	8,575	17,428

Notes to the Interim Financial Statements

For the six months ended 31 March 2014

3. Segment Reporting (continued)

(c) Revenue by geographical location of customers

	Unaudited 6 months ended 31 March 2014	Unaudited 6 months ended 31 March 2013	Audited 12 months ended 30 September 2013
	$000	$000	$000
New Zealand	42,298	39,313	73,102
Australia	39,590	44,049	79,479
Europe	29,839	29,777	53,056
North America	38,371	28,551	67,367
Japan	8,873	16,345	29,236
China/Hong Kong	14,595	14,856	32,700
Korea	19,020	23,162	46,716
Other Asia	10,009	20,771	41,676
Africa	6,090	15,490	19,778
Middle East	3,787	5,445	7,860
Pacific	6,846	5,585	9,456
Other	1,734	1,231	2,218
Revenue	**221,052**	**244,575**	**462,644**

The revenue information above is based on customers' locations.

Notes to the Interim Financial Statements

For the six months ended 31 March 2014

4. Bank Loans (secured) (restated)

	Carrying and face value		
	Unaudited 31 March 2014	Unaudited 31 March 2013	Audited 30 September 2013
	$000	$000	$000
Balance at beginning of period	**162,069**	**155,856**	**155,856**
Issued	22,391	25,411	6,213
Repaid	(600)	–	–
Balance at end of period	**183,860**	**181,267**	**162,069**
Interest rates applicable	3.19%-5.88%	3.40%-5.40%	3.19%-5.46%

All borrowings are secured and subject to borrowing covenant arrangements. Sanford Limited has complied with all covenants during the period (March and September 2013: all covenants were complied with). North Island Mussels Limited (NIML), as a joint operation, did not comply with its covenants for the quarter ended 31 December 2013. However, a waiver was granted by ANZ on 12 February 2014 effective until 29 September 2014. The non-compliance has resulted in NIML's term debt ($8.75m) disclosed in current liabilities in the Statement of Financial Position.

The repayment dates of the loans outstanding at 31 March 2014 are: 31 March 2015 – $35m (disclosed as a current liability), 31 March 2016 – $50m, 31 March 2017 – $50m and 31 March 2018 – $50m. Interest rates for all loans are floating based on the bank bill rate plus a margin.

Notes to the Interim Financial Statements

For the six months ended 31 March 2014

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

	Unaudited 31 March 2014	Unaudited 31 March 2013 (restated)	Audited 30 September 2013 (restated)
	$000	$000	$000
Profit for the period (after tax)	**11,711**	**14,065**	**20,400**
Adjustments for non-cash items			
Depreciation and amortisation	9,047	8,575	17,428
Impairment	–	1,410	4,226
Change in fair value of biological assets	(3,637)	(427)	(207)
Change in fair value of interest rate swaps	(246)	(593)	(1,052)
Change in fair value of foreign exchange options	(464)	549	421
Change in fair value of foreign exchange contracts	(561)	(24)	320
Equity accounted (profit) in associated companies	(265)	(497)	(1,228)
Increase (decrease) in deferred taxation	1,667	(467)	3,463
Unrealised foreign exchange losses (gains)	314	(850)	(62)
	5,855	**7,676**	**23,309**
Movement in working capital			
(Increase) in debtors and prepayments	(16,341)	(33,119)	(10,856)
(Increase) decrease in inventories	(6,121)	12,208	16,656
Increase (decrease) in creditors and other liabilities	2,419	2,697	(3,622)
Decrease (increase) in current tax asset	3,886	(56)	(7,122)
	(16,157)	**(18,270)**	**(4,944)**
Items classified as investing activities			
(Gain) on sale of property, plant and equipment	(435)	(229)	(152)
	(435)	**(229)**	**(152)**
Net cash inflows from operating activities	**974**	**3,242**	**38,613**

Notes to the Interim Financial Statements

For the six months ended 31 March 2014

6. Dividends

The following dividends were declared and paid by the Group for the six months ended 31 March 2014:

	Unaudited 6 months ended 31 March 2014	Unaudited 6 months ended 31 March 2013	Audited 12 months ended 30 September 2013
	$000	$000	$000
Ordinary dividend (14 cents per share) December 2013 (14 cents December 2012, 9 cents June 2013)	13,108	13,108	21,534

On 28 May 2014 the Directors proposed an interim dividend of 9 cents per share (fully imputed) to be paid on 20 June 2014. This dividend has not been provided for in the accounts at 31 March 2014.

7. Contingent Liabilities and Commitments

	Unaudited 31 March 2014	Unaudited 31 March 2013	Audited 30 September 2013
	$000	$000	$000
Guarantee to joint operation	10,125	8,750	9,125
Guarantees – other	368	311	362

8. Impairment of Non-Current Assets

For the six months ended 31 March 2014 the Directors have reviewed the carrying values of certain assets and determined that no write-down is required in respect of property, plant and equipment and intangible assets (31 March 2013: $1.4m, 30 September 2013: $4.2m).

Notes to the Interim Financial Statements

For the six months ended 31 March 2014

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.

	Carrying amount					
	Non-Current Assets		Current Assets			
	Advances to Associates	Share in Other Companies	Trade Debtors	Derivatives	Cash and Cash Equivalents	Total
	$000	$000	$000	$000	$000	$000
31 March 2014						
Financial assets measured at fair value						
Advances to associates	320	–	–	–	–	320
Shares in other companies	–	136	–	–	–	136
Forward exchange contracts	–	–	–	10,300	–	10,300
Foreign exchange options	–	–	–	8,910	–	8,910
Interest rate swaps	–	–	–	2,463	–	2,463
Financial assets not measured at fair value						
Trade debtors	–	–	56,666	–	–	56,666
Cash and cash equivalents	–	–	–	–	8,187	8,187
	320	**136**	**56,666**	**21,673**	**8,187**	**86,982**
30 September 2013						
Financial assets measured at fair value						
Advances to associates	322	–	–	–	–	322
Shares in other companies	–	63	–	–	–	63
Forward exchange contracts	–	–	–	10,011	–	10,011
Foreign exchange options	–	–	–	5,093	–	5,093
Interest rate swaps	–	–	–	1,704	–	1,704
Financial assets not measured at fair value						
Trade debtors	–	–	50,053	–	–	50,053
Cash and cash equivalents	–	–	–	–	4,745	4,745
	322	**63**	**50,053**	**16,808**	**4,745**	**71,991**

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Notes to the Interim Financial Statements

For the six months ended 31 March 2014

Fair Value			
Level 1	Level 2	Level 3	Total
$000	$000	$000	$000
–	–	320	320
–	–	136	136
–	10,300	–	10,300
–	8,910	–	8,910
–	2,463	–	2,463
–	–	322	322
–	–	63	63
–	10,011	–	10,011
–	5,093	–	5,093
–	1,704	–	1,704

Notes to the Interim Financial Statements

For the six months ended 31 March 2014

9. Financial Instruments (continued)

	Carrying amount				
	Non-Current Liabilities	Current Liabilities			
	Loans and Borrowings	Bank Overdraft and Current Borrowings	Current Portion of Term Loan	Trade creditors and other payables	Total
	$000	$000	$000	$000	$000
31 March 2014					
Financial liabilities measured at fair value					
Nil	–	–	–	–	–
Financial liabilities not measured at fair value					
Bank overdraft	–	1,375	–	–	1,375
Secured bank loans	138,500	15,000	43,750	–	197,250
Convertible notes	1,610	–	–	–	1,610
Trade creditors and other payables	–	–	–	26,068	26,068
	140,110	**16,375**	**43,750**	**26,068**	**226,303**
30 September 2013					
Financial liabilities measured at fair value					
Nil	–	–	–	–	–
Financial liabilities not measured at fair value					
Bank overdraft	–	26	–	–	26
Secured bank loans	159,900	15,375	–	–	175,275
Convertible notes	1,569	–	600	–	2,169
Trade creditors and other payables	–	–	–	21,049	21,049
	161,469	**15,401**	**600**	**21,049**	**198,519**

Other payables that are not financial liabilities are excluded (provisions March 2014 $1.9m, September 2013 $4.9m).

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 2014 and 30 September 2013.

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.

10. Salmon Insurance Proceeds

As a result of an extreme weather event on 24 October 2013 approximately 77,000 live salmon (203,000kg) escaped from the farm at Stewart Island, resulting in an impairment of salmon stock of $0.9m which has been included in cost of sales in the income statement. The Group's insurer has agreed a final settlement in respect of the lost salmon. The insurance proceeds of $1m (net of an insurance excess of $0.5m) have been included in other income in the income statement for the six months ended 31 March 2014.

11. Surrender of Lease, Hamer Street, Auckland

The company has surrendered a lease in Hamer Street, Freemans Bay. The compensation for surrender of the lease of $0.6m has been included in other income in the income statement for the six months ended 31 March 2014.

12. Impact on Group's historical financial statements on adoption of NZ IFRS 11: *Joint Arrangements*

As a result of the adoption of NZ IFRS 11: *Joint Arrangements*, certain amounts previously disclosed in the Group historical financial statements have been adjusted to reflect the retrospective impact of the change in accounting policy adopted from 1 October 2013.

The change in policy has been applied retrospectively per NZ IFRS requirements. This has resulted in derecognition of the Group's investment in North Island Mussels Limited (NIML) at the beginning of the earliest period presented being 1 October 2012 and recognition of the Group's proportionate interest in NIML's assets and liabilities. The change has had no impact on the Group's profit, earnings per share, items of equity or net assets.

The following tables summarise the adjustments made to the Group's consolidated condensed income statement and consolidated condensed statement of cash flows for the comparative six month period ended March 2013 and year ended 30 September 2013 and to the Group's consolidated condensed statement of financial position as at 31 March 2013 and 30 September 2013.

Notes to the Interim Financial Statements

For the six months ended 31 March 2014

12. Impact on Group's historical financial statements on adoption of NZ IFRS 11: *Joint Arrangements* (continued)

Impact on Consolidated Condensed Income Statement

	Unaudited 6 months ended 31 March 2013	Change in Accounting Policy	Unaudited 6 months ended 31 March 2013 (restated)	Audited 12 months ended 30 September 2013	Change in Accounting Policy	Audited 12 months ended 30 September 2013 (restated)
	$000	$000	$000	$000	$000	$000
Revenue	244,575	–	244,575	462,644	–	462,644
Cost of sales	(200,723)	1,018	(199,705)	(390,996)	1,505	(389,491)
Gross profit	**43,852**	**1,018**	**44,870**	**71,648**	**1,505**	**73,153**
Other income	2,622	617	3,239	9,179	623	9,802
Distribution expenses	(16,627)	(27)	(16,654)	(30,203)	(86)	(30,289)
Administrative expenses	(6,568)	(284)	(6,852)	(13,291)	(468)	(13,759)
Other expenses	(5,977)	(125)	(6,102)	(12,156)	(247)	(12,403)
Operating profit	**17,302**	**1,199**	**18,501**	**25,177**	**1,327**	**26,504**
Finance income	5,891	7	5,898	10,476	21	10,497
Finance expenses	(4,310)	(277)	(4,587)	(8,247)	(542)	(8,789)
Net finance income	**1,581**	**(270)**	**1,311**	**2,229**	**(521)**	**1,708**
Share of profit of equity accounted investees	1,166	(669)	497	1,754	(526)	1,228
Profit before income tax	**20,049**	**260**	**20,309**	**29,160**	**280**	**29,440**
Income tax (expense)	(5,984)	(260)	(6,244)	(8,760)	(280)	(9,040)
Profit for the period	**14,065**	**–**	**14,065**	**20,400**	**–**	**20,400**
Attributable to:						
Equity holders of the Group	14,030	–	14,030	20,361	–	20,361
Non controlling interest	35	–	35	39	–	39
	14,065	**–**	**14,065**	**20,400**	**–**	**20,400**
Earnings per share						
Basic and diluted earnings per share (cents)	15.0		15.0	21.7		21.7

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Notes to the Interim Financial Statements

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Impact on Consolidated Condensed Statement of Cash Flows

	Unaudited 6 months ended 31 March 2013	Change in Accounting Policy	Unaudited 6 months ended 31 March 2013 (restated)	Audited 12 months ended 30 September 2013	Change in Accounting Policy	Audited 12 months ended 30 September 2013 (restated)
	$000	$000	$000	$000	$000	$000
Cash flows from operating activities						
Cash provided from:						
Receipts from customers	221,096	–	221,096	474,095	–	474,095
Interest received	25	7	32	76	28	104
Dividends received	14	–	14	51	–	51
	221,135	7	221,142	474,222	28	474,250
Cash applied to:						
Payments to suppliers and employees	207,090	(1,036)	206,054	413,846	(298)	413,548
Income tax paid	6,825	–	6,825	12,624	–	12,624
Interest paid	5,022	(1)	5,021	9,465	–	9,465
	218,937	(1,037)	217,900	435,935	(298)	435,637
Net cash flows from operating activities	**2,198**	**1,044**	**3,242**	**38,287**	**326**	**38,613**
Cash flows from investing activities						
Cash provided from:						
Sale of property, plant and equipment	769	–	769	989	–	989
Sale of investments and subsidiaries	–	–	–	17	–	17
Dividends received from associates	556	–	556	1,035	–	1,035
Return of capital from associate	–	–	–	510	–	510
	1,325	–	1,325	2,551	–	2,551
Cash applied to:						
Purchase of property, plant and equipment	10,683	22	10,705	17,448	462	17,910
Net cash flows from investing activities	**(9,358)**	**(22)**	**(9,380)**	**(14,897)**	**(462)**	**(15,359)**

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For the six months ended 31 March 2014

12. Impact on Group's historical financial statements on adoption of NZ IFRS 11: *Joint Arrangements* (continued)

Impact on Consolidated Condensed Statement of Cash Flows (continued)

	Unaudited 6 months ended 31 March 2013	Change in Accounting Policy	Unaudited 6 months ended 31 March 2013 (restated)	Audited 12 months ended 30 September 2013	Change in Accounting Policy	Audited 12 months ended 30 September 2013 (restated)
	$000	$000	$000	$000	$000	$000
Cash flows from financing activities						
Cash provided from:						
Proceeds from borrowings	25,400	–	25,400	6,150	–	6,150
Cash applied to:						
Dividends paid to parent shareholders	13,108	–	13,108	21,534	–	21,534
	13,108	–	13,108	21,534	–	21,534
Net cash flows from financing activities	**12,292**	**–**	**12,292**	**(15,384)**	**–**	**(15,384)**
Net increase(decrease) in cash and cash equivalents	**5,132**	**1,022**	**6,154**	**8,006**	**(136)**	**7,870**
Effect of exchange rate fluctuations on cash held	(48)	–	(48)	(49)	–	(49)
Cash and cash equivalents at beginning of the period	(18,477)	–	(18,477)	(18,477)	–	(18,477)
Cash and cash equivalents at end of the period	**(13,393)**	**1,022**	**(12,371)**	**(10,520)**	**(136)**	**(10,656)**
Represented by:						
Bank overdraft and borrowings at call	(15,513)	–	(15,513)	(15,026)	(375)	(15,401)
Cash on hand and at bank	2,120	1,022	3,142	4,506	239	4,745
	(13,393)	**1,022**	**(12,371)**	**(10,520)**	**(136)**	**(10,656)**

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Impact on Consolidated Condensed Statement of Financial Position

	Unaudited 6 months ended 31 March 2013	Change in Accounting Policy	Unaudited 6 months ended 31 March 2013 (restated)	Audited 12 months ended 30 September 2013	Change in Accounting Policy	Audited 12 months ended 30 September 2013 (restated)
	$000	$000	$000	$000	$000	$000
Equity						
Paid in capital	95,355	–	95,355	95,355	–	95,355
Retained earnings	449,890	–	449,890	447,795	–	447,795
Other reserves	10,624	–	10,624	11,183	–	11,183
Total equity attributable to shareholders of the Company	**555,869**	**–**	**555,869**	**554,333**	**–**	**554,333**
Non controlling interest	593	–	593	575	–	575
Total equity	**556,462**	**–**	**556,462**	**554,908**	**–**	**554,908**
Non–current liabilities						
Bank loans (secured)	170,400	10,867	181,267	151,150	10,319	161,469
Employee entitlements	1,762	–	1,762	1,896	(1)	1,895
Deferred taxation	8,559	–	8,559	13,376	–	13,376
Total non–current liabilities	**180,721**	**10,867**	**191,588**	**166,422**	**10,318**	**176,740**
Current liabilities						
Bank overdraft and borrowings (secured)	15,513	–	15,513	15,026	375	15,401
Current portion of term loan	–	–	–	–	600	600
Derivative financial instruments	1,224	–	1,224	–	–	–
Trade creditors	19,010	149	19,159	10,008	850	10,858
Other creditors, provisions and accruals	12,175	459	12,634	15,088	–	15,088
Employee entitlements	5,832	157	5,989	5,997	149	6,146
Taxation payable	2,691	260	2,951	–	273	273
Total current liabilities	**56,445**	**1,025**	**57,470**	**46,119**	**2,247**	**48,366**
Total liabilities	**237,166**	**11,892**	**249,058**	**212,541**	**12,565**	**225,106**
Total equity and liabilities	**793,628**	**11,892**	**805,520**	**767,449**	**12,565**	**780,014**

Notes to the Interim Financial Statements

For the six months ended 31 March 2014

12. Impact on Group's historical financial statements on adoption of NZ IFRS 11: *Joint Arrangements* (continued)

Impact on Consolidated Condensed Statement of Financial Position (continued)

	Unaudited 6 months ended 31 March 2013	Change in Accounting Policy	Unaudited 6 months ended 31 March 2013 (restated)	Audited 12 months ended 30 September 2013	Change in Accounting Policy	Audited 12 months ended 30 September 2013 (restated)
	$000	$000	$000	$000	$000	$000
Non-current assets						
Property, plant and equipment	118,734	14,363	133,097	116,347	14,730	131,077
Investments	15,914	(4,992)	10,922	15,500	(4,849)	10,651
Biological assets	7,885	–	7,885	6,693	–	6,693
Intangible assets	496,275	–	496,275	499,177	–	499,177
Total non-current assets	**638,808**	**9,371**	**648,179**	**637,717**	**9,881**	**647,598**
Current assets						
Cash on hand and at bank	2,120	1,022	3,142	4,506	239	4,745
Trade debtors	61,971	761	62,732	49,980	73	50,053
Derivative financial instruments	14,623	–	14,623	16,808	–	16,808
Other debtors and prepayments	20,493	15	20,508	10,461	38	10,499
Tax refund	–	–	–	4,456	–	4,456
Biological assets	8,503	723	9,226	7,927	2,272	10,199
Inventories	37,988	–	37,988	33,434	62	33,496
Non-current assets held for sale	9,122	–	9,122	2,160	–	2,160
Total current assets	**154,820**	**2,521**	**157,341**	**129,732**	**2,684**	**132,416**
Total assets	**793,628**	**11,892**	**805,520**	**767,449**	**12,565**	**780,014**

13. Subsequent Events

On 9 May 2014 an agreement was signed with the Receiver of Greenshell New Zealand Limited for the acquisition of marine farm licences in Coromandel and other assets for a total cash consideration of $13.9m. The acquisition was funded from existing facilities.

SANFORD LIMITED
SUSTAINABLE SEAFOOD

Directory

Directors

Jeff Todd, CBE
Chairman

Paul Norling
Deputy Chairman

Elizabeth Coutts
Mark Cowsill
Bruce Goodfellow
Peter Goodfellow

Senior Management

Volker Kuntzsch
Chief Executive Officer

Greg Johansson
General Manager Operations

Dean McIntosh
General Manager Finance & Administration

Vaughan Wilkinson
General Manager Marketing & Development

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

Stock Exchange

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

NZX Trading Code: SAN

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

Share Registrar

Computershare Investor Services Limited
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Enquiries

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

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

Other queries should be directed to the General Manager Finance & Administration at the Registered Office.

SANFORD LIMITED
SUSTAINABLE SEAFOOD

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