Half Yearly Report

OVERVIEW

The financial statements have been prepared in accordance with New Zealand Generally Accepted Accounting Practice ("NZ GAAP") applicable to interim financial statements. They have been prepared in accordance with New Zealand Equivalent to International Financial Reporting Standard (NZ IFRS) NZ IAS 34 Interim Financial Reporting. Compliance with NZ IAS 34 ensures that the financial statements also comply with IAS 34 Interim Financial Reporting.

Sanford is pleased to report a profit of $35.3m for the six month period ended 31 March 2008 compared with $11.4m for the same period last year.

Consolidated Interim Income Statement	6 months ended 31 March 2008 $000	6 months ended 31 March 2007 $000	12 months ended 30 September 2007 $000
Revenue	218,103	183,977	367,920
EBITDA *	**35,498**	**26,330**	**52,660**
Depreciation and amortisation	(7,575)	(7,810)	(15,820)
(Impairment) / reversal of impairment	(6,568)	-	2,185
Net interest (expense)	(5,890)	(5,907)	(11,572)
Net currency exchange (losses)	(2,051)	(7,311)	(10,511)
Profit on disposal of property, plant and equipment	985	333	425
Profit on disposal of subsidiaries and investments	26,215	7,528	7,528
Profit before income tax	**40,614**	**13,163**	**24,895**
Less income tax expense	5,255	1,736	4,865
Profit for the period	**35,359**	**11,427**	**20,030**

* Earnings before interest, income tax expense, depreciation and amortisation, impairment, currency exchange losses and profit on disposal of subsidiaries, investments and property, plant and equipment

Revenue has increased by 18.5% from $184m last year to $218m this year.

Increased sales volumes and improving prices have lifted EBITDA from $26.3m last year to $35.5m this year.

Included in the profit for the six months is a one-off gain of $26.2m on the sale of shares in the Canadian company Fishery Products International Limited (FPI) and an impairment charge of $5.6 (net of tax). Operational profitability of the business has been strong, with improved catches and prices offsetting the negative effects of higher exchange rates and fuel prices.

With the NZ dollar moving from US 70 cents at the beginning of October 2007 through to over 80 cents at the end of the period, we were fortunate to achieve an average rate of US 77.2 cents over the period compared to US 68.9 cents over the same period last year. Exchange losses for the period totalled $2.1m, down from $7.3m the previous period.

Strong cashflows in the first half of the year (including the proceeds from the sale of our investment in FPI) has resulted in a $20m reduction of our term loan for the six months with a further $20m repayment in April 2008.

Directors have maintained the interim dividend at 9 cents per share which will have full imputation credits attached.

INTERNATIONAL FINANCIAL REPORTING STANDARDS

This is the first adoption of International Financial Reporting Standards. While the impact of the new standards has been minimal on the results for the period there have been some more significant effects on the balance sheet. These changes are shown in the detailed accounts accompanying this report. It is fair to say this has been a frustrating exercise. The inconsistencies between the standards and their application to fishing and marine farming have been of doubtful benefit.

IMPAIRMENT CHARGE

During the period the Company took an impairment charge of $5.6m (after tax). The Company took a write off of $1.5m (after tax) for the value of leasehold on the Auckland waterfront, where the lease was not renewed.

Two fishing vessels that are no longer being used, and will be sold, were written down from book value to their expected sales value resulting in a charge of $0.5m after tax.

In Australia a review of quota values resulted in a $2.8m write down, mainly related to the alfonsino quota where catch rates and profitability of catching the quota are lower than expected, and justify a lower carrying value.

Part of our acquisition of High Liner Food Inc (HLF) shares includes Series A preference shares that are presently unlisted and which will likely convert to non-voting ordinary shares. It is expected the shares will be listed later in the year, but unlikely to be listed at the carrying value of C$10 per ordinary share equivalent. We have taken a write down of $0.8m (after tax) on these shares.
The 450,000 ordinary voting shares in HLF will remain at the C$9 acquisition value which is about current market price.

CATCHING AND PRODUCTION

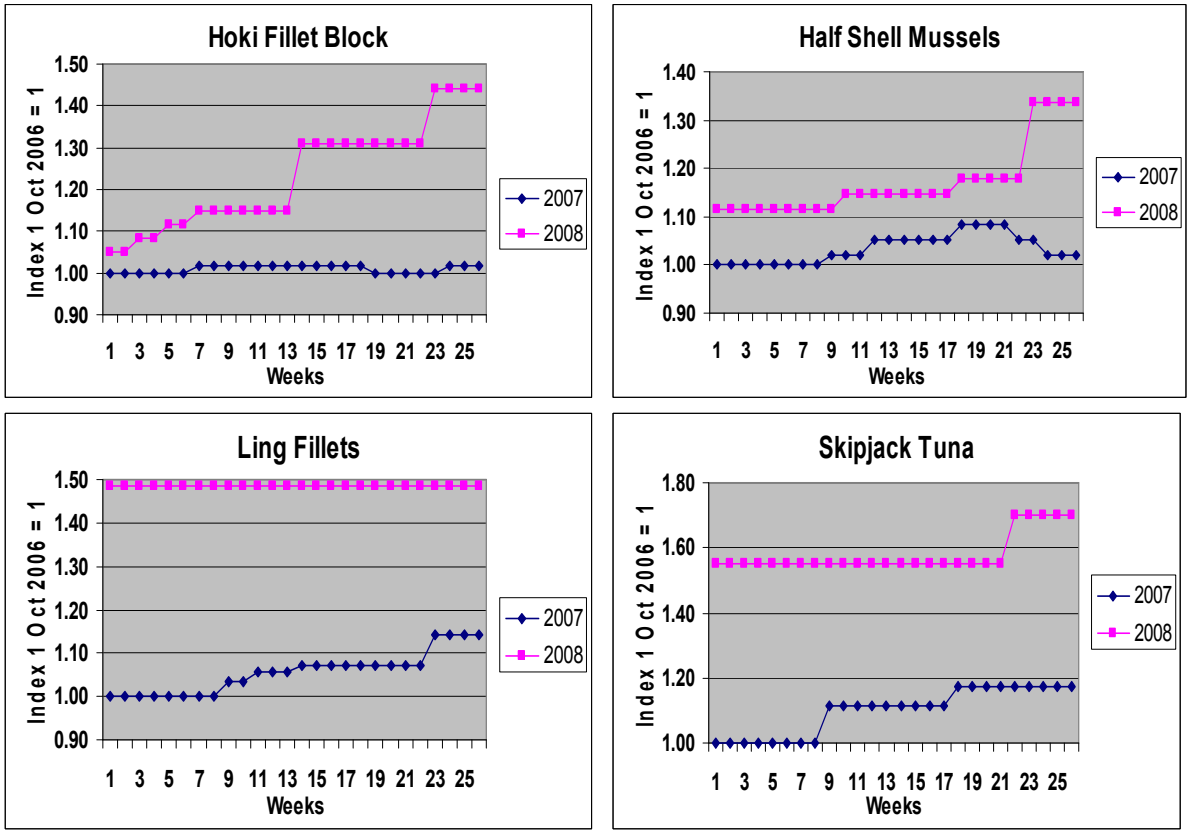
Catches of skipjack tuna in New Zealand and the Pacific were well ahead of previous years and this, coupled with substantially improved market prices, lifted returns from these operations. Inshore catches of other species were in line with previous years and deepwater catches were improved for most species. Demand, sales volumes and prices of deepwater species such as orange roughy, smooth dory and scampi were ahead of last year. Toothfish catches in the Ross Sea were lower as increased ice coverage this year forced an early end to catching. Aquaculture production was in line with expectations but sales volumes were restricted due to new processing and testing regimes which were implemented following the low level listeria incident in November 2007. This has resulted in inventories of mussels being higher than intended at the end of March, however demand is strong and prices have

strengthened considerably. Returns from our Australian activities have steadily improved over the period and there has been a significant improvement from our China operations with increased volumes of product shipped and improved prices in America, Europe and Australia.

MARKETS AND PRICING

In line with general increases in food and commodity prices seafood prices have increased over the period. The health aspects of seafood and increasing seafood consumption is driving demand in most western markets which is creating shortages in the more traditional seafood consuming nations in Asia and Southern Europe. The implications of higher fish and soya meal prices are lifting the cost of aquaculture wild fish substitutes such as salmon and tilapia. This, coupled with some production failures of farmed salmon in Chile and farmed tilapia in China, has contributed to record prices for many species.

Here are some examples of the increase of seafood prices for a range of species this year compared to last year with all prices indexed to 1 October 2006.



Prices for species such as orange roughy and toothfish are also improving, although not to the extent as the species shown above. Squid prices, which have been low for the last two years are starting to show some signs of improvement over recent months.

FUEL PRICING

Although fuel prices increased by 50% in the period since 1 October 2007 overall fuel costs were up by 24% ($2.7m) for the six months compared to the same period last year. While some benefits have been achieved in efficiency gains the outlook for the future is particularly

challenging in the deepwater and pacific tuna fleets where fuel costs are a substantial proportion of operating costs.

INSHORE OPERATIONS

Auckland
Inshore catching has been managed to balance demand between local and export air freight markets with only surplus catches being processed for the Asian market. This has resulted in improved average prices for most inshore species. Besides processing and packing increasing volumes for local supermarket chains the Auckland plant has also been working additional shifts reprocessing orange roughy for American customers.

Auckland Fish Market
The Auckland Fish Market continues its preeminent position as a seafood venue in Auckland, and over recent months there has been increased investment by tenants in retail display space and restaurant facilities. Further enhancements to the market are being studied to increase the range of attractions on site. There are a number of matters of serious concern for us with planning proposals for the Western Viaduct and we are actively engaged in consulting and submitting on the proposals.

Tauranga
Blue mackerel catches in Tauranga were in line with expectations in the October to December period but skipjack tuna catches were 50% ahead of expectations in a period when market prices were at record levels. This resulted in a substantial increase in profitability.

Timaru
While catches from our ice vessels continued to be lower than expectations profitability was enhanced from stronger demand and additional volumes of orange roughy being reprocessed on extra shifts. Prices for barracouta, red cod and squid have improved in line with other seafood species while landings from private fishermen were comparable to previous years.

The San Won coldstore operation continues to produce acceptable returns although stronger markets have resulted in earlier shipments and lower volumes being held in store.

DEEPWATER OPERATIONS

Freezer Trawlers
The 64-metre freezer vessels continue to perform well with improved catches of hoki in the period up to January and similar catch levels in the squid fishery in the later part of the period. The “one fleet” operation on the Chatham rise (with Sealord and Talley’s) has operated very well for the first half of the year with increased catch rates and lower fuel consumption.

Freezer Longliners
Ling fishing by San Aotea II in the early and later part of the period has been better than previous years. However this vessel and the San Aspiring had lower catches of toothfish in the Ross Sea as they were forced to stop fishing early because of rapidly increasing ice cover in February. The San Aspiring has moved to the South Georgia area, fishing for toothfish. It completed its experimental fishing quota earlier than projected and has now moved into the commercial fishing area of the MSC-certified South Georgia fishery.

Scampi Freezer Vessels
The six freezer vessels were on target catching scampi for the first six months although catching rates were slower than expected in April and early May. Markets remain steady for scampi without the price increases experienced by other seafood products.

Charter Vessels
The three Dong Won and one Juahm charter vessels have operated close to plan and are again enjoying a productive squid catching season. Financial returns continue to be steady and in line with expectations although we continue to have to work hard to comply with the regulatory requirements for foreign crew on charter vessels.

Quota Trading
Income from quota trading continues to make a useful contribution to income.

AQUACULTURE OPERATIONS

Pacific Oysters - Kaeo
Half shell oyster production and sales value increased during the period leading up to the closure for the summer spawn in December. Market demand has been strong and prices have improved. Production will recommence in late May and prospects for the remainder of the year are positive. The quality benefits of the upgraded freezer system are now feeding into market demand.

Greenshell Mussels – Coromandel, Havelock and Bluff
Production levels were up to expectations at Coromandel, Havelock and Bluff although shipment volumes were down and inventory levels increased. This was due to the introduction of new processing and testing regimes to ensure that our products met the highest standards of food safety. Current production volumes are being shipped to markets that are in short supply, and where price levels have improved dramatically, particularly in the United States and Europe. Prices in these markets now make it uneconomic to ship half shell mussels to Asia unless price levels increase.

Planning for a substantial expansion of the North Island Mussel Processors (NIMPL) joint venture in Tauranga is well advanced and necessary to meet the increased volumes of mussels being grown by Sanford and other NIMPL partners in the Coromandel region. Sanford has acquired additional water space in both Coromandel and Marlborough in the past six months as we seek to grow our volumes available for harvest and processing. At the same time we value and continue to seek mussels from a wide variety of independent growers in all regions.

King Salmon - Bluff
International markets for salmon have suffered over the past six months from larger than normal Chilean harvest where a significant number of farms have been struck by disease. This additional production is slowly working its way through the supply chain and we are expecting prices to improve as shortages are likely to arise in the period when the market would normally take the Chilean production. The additional equipment to expand and automate feeding at our Stewart Island salmon farms is now arriving and the expanded farms are expected to be operational before the end of the financial year.

INTERNATIONAL FISHING OPERATIONS

Australia
Our Australian business is now producing cash flows in line with expectations and we are seeking opportunities to expand our business there. We have taken an impairment charge in respect to the alfonsino quota as catch rates are not sufficient to justify the previous value.

Pacific Tuna Vessels
The three Pacific tuna vessels had an excellent six months. Catches were 10% ahead of last year and prices were up to 50% ahead of last year. This resulted in a significant improvement to their contribution despite the impact of escalating fuel prices. It is not likely that profitability will be as strong in the second six months as two of the three vessels are required to undergo scheduled maintenance and repair programmes.

OVERSEAS INVESTMENTS

High Liner Foods Inc (TSX:HLF)
As part of our exit from the Newfoundland-based Fishery Products International Limited (FPI) we agreed to acquire 450,000 ordinary listed shares at C$9 each and 180,000 Series A preference shares at C$25 each. The ordinary shares are listed on the Toronto Stock Exchange and have traded around C$9 for the last six months. The Series A preference shares will be converted to ordinary non voting shares at a ratio of 2.5 to 1 implying a value of C$10 each. These shares will be listed on the Toronto Stock Exchange before 9 August 2008 (or else redeemed for cash or listed ordinary shares). As the value of the non-voting shares is not known at this time an impairment charge of NZ$0.8m has been taken to lower the carrying value of these shares to C$8.50.

High Liner Foods Inc purchased the marketing and manufacturing business of FPI (in both USA and Canada) and is now integrating those businesses with its own. There are expected to be integration benefits from merging the two businesses. High Liner has reported its results for the three months to 31 March 2008 showing it is already achieving some of these benefits. The FPI USA business has for some years now been working on a range of products produced at the Weihai Dong Won Food Company plant in China (including some hoki products) and we expect that there will be opportunities to expand and develop these activities with High Liner.

Weihai Dong Won Food Company Limited, China (40% owned)
Production volumes for both Sanford and other customers increased at the Weihai plant over the same period last year. This resulted in improved profitability for the Weihai Dong Won company as well increasing returns to Sanford for the volumes being processed there on behalf of Sanford.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Restated under IFRS)

Sanford continues to maintain a strong balance sheet with shareholders equity in proportion to total assets of 76% and a working capital ratio of 2.7:1. Biological assets, (now including mussels, oysters and salmon growing in the water), are now all included in the balance sheet. Inventory levels apart from biological assets are down from $55.2m at 30 September 2007 to $46.8m at 31 March 2008.

CAPITAL EXPENDITURE

Capital expenditure for the period totalled $14m of which $8.3m was spent on additional marine farms, with the balance related to fish and aquaculture processing technology and equipment.

SUSTAINABLE DEVELOPMENT

While Sanford has continued to adopt a leadership role in sustainable development and reporting, the Emissions Trading Scheme as proposed would have placed Sanford and the seafood industry at a significant competitive disadvantage to seafood suppliers in other countries. The industry reliance on fuel to power fishing vessels is an unavoidable part of the industry. While we can, and are, seeking energy efficiency across all of our business activities it is unlikely we can ever avoid the use of carbon based fuels. Sanford is responding to the information requirements of the Carbon Disclosure Project (CDP), an international project to collect data for Climate Change.

OUTLOOK FOR THE SECOND SIX MONTHS TO 30 SEPTEMBER 2008

With some prospect of a declining New Zealand exchange rate, strong market prices, good catches and aquaculture production, the outlook for the second six months is positive. Continued increases in fuel prices will pull back some of those gains and may influence market prices. Seafood can be more of a discretionary food spend and in many markets is predominantly a restaurant choice which may come under more pressure as vehicle use declines.

However the strength of Sanford has always been the fact that, within the seafood industry, it has a spread of interests across inshore, deepwater, aquaculture and offshore fishing as well as a geographical spread that lessens the impact of variability across these sectors.

E F Barratt
Managing Director
28 May 2008

INFORMATION REQUIRED BY NZX

SANFORD LIMITED		
Unaudited results for announcement to the market		
Reporting Period	6 months to 31 March 2008	
Previous Reporting Period	6 months to 31 March 2007	
	Amount (000s)	Percentage change
Revenue	$NZ 218.1m	+ 18.5%
Profit after tax attributable to equity holders of the Group.	$NZ 35.3m	+ 206.0%
Interim Dividend	Amount per security	Imputed amount per security
	9 cents per share	4.4328 cents per share
Record Date	6 June 2008	
Dividend Payment Date	18 June 2008	