



## CHAIRMAN'S ADDRESS

### Annual Meeting 2 February 2005

It is an honour to be able to present my address to this 100<sup>th</sup> Annual Meeting of Sanford Limited and report on the progress of the Company over the past very special year.

#### **Overall Result**

The increase in overall tax paid profit from \$47.3m for the 13 month period last year to \$53.9m this year was an excellent result considering the difficult currency and trading environment.

The hedges we entered into over previous years paid off handsomely this year.

Unfortunately our hedges run out at the end of the current financial year so anything that shareholders can do to get the New Zealand dollar exchange rate below 60 cents before the end of the year will be much appreciated by other shareholders and your directors.

#### **Dividends and Cash Flow**

The Directors again increased the rate of dividend, from 21 cents per share last year to 22 cents per share this year. Cash flow during the year continued to be strong and while the New Zealand dollar was high, we took the opportunity to repay our loan denominated in Canadian dollars.

#### **Expansion and Growth**

The Auckland Fish Market opened for business in June 2004. The auction market has improved the flow of product onto the local market and created new opportunities for seafood retailing and restaurateurs in New Zealand. Volumes and sales are in line with our estimates when we first contemplated the market.

The seafood school is proving a popular and enjoyable attraction both for those joining the people prepared to learn and be entertained with new types and novel ways of preparing seafood, and as an attractive option for corporate use as an entertainment, education and networking venue.

The retail markets have set new standards for seafood customers by providing the widest range of live, fresh and frozen seafood in the southern hemisphere.

On the 1 October we were able to complete the largest transaction in Sanford's history with the purchase of the Simunovich Fisheries assets. We were able to finance the transaction through a \$150m term loan agreement with the ANZ Banking Group which we will be seeking to reduce over the next three years.

The 25% equity investment by Sanford Limited in the Weihai Dong Won Food Company of China is one which is already proving beneficial to Sanford. The company has been profitably processing a number of seafood products including Sanford hoki quota into specially crumbed portions for the demanding Japanese market. Increased processing capacity at the plant is close to completion and will provide further opportunities for additional processing of seafood from New Zealand and other international fishing activities for American and European markets.



**SANFORD LIMITED**  
SUSTAINABLE SEAFOOD

The Company will continue to actively seek expansion opportunities in New Zealand and offshore that are accretive to shareholders. Your Directors continue to have confidence in the long term future of both the Company and the industry despite the sometimes difficult hurdles that we face.

Sustainable and quality seafood will continue to be sought after by an increasingly affluent world market.

**Current year activities**

Catches and aquaculture production in the first three months of this year are up to expectations and improved over last year but as always achievement of catch targets for the year are dependent on squid and skipjack tuna. With the poor weather in November and December we expected a late start to the New Zealand skipjack season.

Market prices and demand for most of our species is strong and sales for the first three months are running approximately 8% ahead of last year.

**Adoption of new Constitution**

Shareholders are being asked to approve a new constitution for the Company today. The constitution is an important document that sets out the relationship between the shareholders and the company. It sets out the formal legal rules by which the company is governed and is a core document defining amongst other things the rights of shareholders to call and attend meetings of shareholders and appoint directors to the board. Full details of the changes proposed have been provided in the Annual Report and notice of meeting.

In conclusion I would like to compliment our very competent Sanford management team and the dedicated and loyal staff as they have worked hard to grow the Company in a difficult trading environment. The completion of the Auckland Fish Market, the Project Fish implementation and the transfer and integration of the Simunovich assets were achieved with a lot of hard work but with very little disruption to operations.