Goodman Fielder Limited
ABN 51 116 399 430

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13 August 2014

Announcements Officer
ASX Market Announcements
ASX Limited
Exchange Centre
20 Bridge Street
SYDNEY NSW 2000

Listed Company Relations
NZX Limited
Level 2, NZX Centre
11 Cable Street
WELLINGTON
NEW ZEALAND

Goodman Fielder Limited – Preliminary Final Report and 2014 Annual Financial Report

I attach the following documents:

- an Appendix 4E 2014 Preliminary Final Report in relation to the Company's results for the financial year ended 30 June 2014; and
- a copy of the 2014 Annual Financial Report (incorporating the Directors' Report, the Financial Report and the Independent Auditor's Report dated 13 August 2014).

The Company's Results Announcement for the financial year ended 30 June 2014 will follow.

A Presentation to Analysts in connection with the 2014 financial results will be released later in the morning.

Each of the above documents will be posted to Goodman Fielder's website once released to the market.

I note that by lodgement of a copy of the Goodman Fielder Limited 2014 Annual Financial Report, the Company obtains relief from dual lodgement of that report pursuant to ASIC Class Order [CO 98/104] and ASIC Regulatory Guide 28.

Copies of the Company's typeset 2014 Annual Report will be lodged at the same time as the Annual Report is distributed to shareholders.

Yours sincerely,

SARA GOLDSTEIN
Company Secretary

GOODMAN FIELDER LIMITED

ABN 51 116 399 430

Appendix 4E

Preliminary final report

Year ended 30 June 2014

ASX/NZX Code: GFF

This document, including all attachments, comprises the full year results information required by ASX Listing Rule 4.3A and NZSX/Main Board Listing Rule 10.3.2.

PRELIMINARY FINAL REPORT
PERIOD ENDED 30 JUNE 2014

RESULTS FOR ANNOUNCEMENT TO THE MARKET
(all comparisons are to the year ended 30 June 2013)

Name of entity

GOODMAN FIELDER LIMITED

ABN 51 116 399 430	Reporting period: Year ended 30 June 2014

	Direction of movement	% Change	2014 $A Million	2013 $A Million
Revenue from ordinary activities	Down	**1.2%**	**2,199.9**	**2,227.2**
Revenue from continuing operations [1]	Up	**3.4%**	**2,199.9**	**2,127.6**
Profit / (Loss) from continuing operations after tax attributable to members [2]	Down	**585.1%**	**(405.1)**	**83.5**
Net Profit / (Loss) for the period attributable to members [2]	Down	**495.2%**	**(405.1)**	**102.5**
Net tangible asset backing per ordinary share	Down	**741.9%**	**(19.9) cents**	**3.1 cents**

(1) The 2013 comparative figures separately disclose the revenues and profits arising from the discontinued Integro Foods business and New Zealand Milling business, both of which were sold during the 2013 financial year.

(2) Profit figures for the year ended 30 June 2014 reflect a non-cash impairment charge of $358.2 million relating to the goodwill and brand impairments to the Group's Baking Australia and New Zealand and Grocery New Zealand divisions, $97.3 million relating to the loss on sale of divested businesses and restructuring costs of $38.2 million.

DIVIDENDS

	Amount per security	Franked amount per security	Imputation amount per security
Dividends on ordinary shares			
Interim dividend FY14	1.0¢	1.0¢ at 30%	1.0¢ at 28%
Final dividend FY13	3.0¢	Nil at 30%	Nil at 28%
Interim dividend FY13	Nil	Nil at 30%	Nil at 28%

On 13 August 2014, the Directors of the Company resolved to pay a dividend of 1.0¢ per share. The final dividend will be 100% franked, with imputation to 100% for New Zealand taxation purposes.

The record date for entitlement to the dividend is 15 September 2014 and the dividend is expected to be paid on 1 October 2014.

The total amount of the final dividend is $19.6 million.

The Dividend Reinvestment Plan (DRP) will not operate for the final dividend.

EXPLANATION OF RESULTS

Please refer to the attached 2014 Annual Financial Report and ASX/NZX Announcement for an explanation of the results. The preliminary final report is based upon audited accounts of Goodman Fielder Limited for the year ended 30 June 2014.

OTHER NZX DISCLOSURES

On 2 July 2014 the Company announced that it had entered into a Scheme Implementation Deed ("Implementation Deed") with Wilmar International Limited ("Wilmar") and First Pacific Company Limited ("First Pacific") under which Wilmar and First Pacific will acquire all the remaining issued equity in Goodman Fielder that they (and their related entities) do not already own by way of a scheme of arrangement ("Scheme").

Under the terms of the Scheme, shareholders will be entitled to receive A$0.675 cash per share subject to all necessary conditions being satisfied or waived and the Scheme becoming effective. The Scheme also allows for the Company to pay a final dividend of A$0.01 per share for the year ended 30 June 2014.

In the absence of a superior proposal and subject to an independent expert concluding that the Scheme is fair and reasonable and in the best interests of shareholders, the Board of Directors of the Company unanimously recommends that shareholders vote in favour of the Scheme.

The Company has appointed an independent expert to determine whether the Scheme is fair and reasonable and in the best interests of shareholders. The independent expert's report will be included in a Scheme booklet which is expected to be distributed to shareholders later in the calendar year.

The implementation of the Scheme is subject to a number of conditions which include the following:

- shareholders (other than Wilmar, First Pacific and their respective related bodies corporate) approving the Scheme at a Scheme Meeting (requiring approval from a majority in number of shareholders who vote and at least 75% of the total number of shares voted);
- all necessary regulatory approvals being obtained, including approval from the Foreign Investment Review Board in Australia, the Overseas Investment Office in New Zealand and the Ministry of Commerce (MOFCOM) in China;
- no material adverse change, 'prescribed occurrence' or regulatory restraint; and
- Court approval of the Scheme.

Full details of the terms and conditions of the Scheme are set out in the Implementation Deed, a copy of which was attached to the Company's announcement of 2 July 2014.

Other than as disclosed above, there have been no major changes or trends in the Company's business subsequent to the end of the financial year. There have been no significant changes in the value of assets subsequent to the end of the financial year.

GOODMAN FIELDER LIMITED

Annual Financial Report

30 June 2014

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Directors' Report

The Directors of Goodman Fielder Limited (the Company) present the 2014 Directors' Report (including the Remuneration Report), together with the 2014 Financial Report of the consolidated entity (the Group), for the financial year ended 30 June 2014. An Independent Auditor's Report from the external auditor, KPMG, is also provided.

Principal Activities

The principal activities of the Group during the financial year were the manufacture, marketing and distribution of food ingredients and consumer branded food, beverage and related products, including packaged bread and other related goods, biscuits, dairy products, small goods, flour, edible oils and meal components. The Group divested its Biscuits, Meats and Pizza businesses during the year.

Operating and Financial Review for the year ended 30 June 2014 (FY14)*

A$m unless specified	**FY14**	**FY13**		
	Continuing Operations	***Continuing Operations***	*Discontinued Operations*	Total
NORMALISED[1]				
REVENUE	**2,199.9**	2,127.6	99.6	2,272.2
EBITDA	**223.8**	252.1	14.9	267.0
EBIT	**150.7**	185.6	14.6	200.2
NPAT	**63.1**	75.7	10.8	86.5
Basic EPS (cents)	**3.2**	3.9	0.6	4.5
REPORTED[2]				
EBITDA	**(269.2)**	257.2	22.9	280.1
EBIT	**(342.3)**	190.7	22.6	213.3
NPAT	**(405.1)**	83.5	19.0	102.5
Basic EPS (cents)	**(20.7)**	4.3	1.0	5.3

Key Financial Metrics (From Continuing and Discontinued Operations)

A$m unless specified	**FY14**	**FY13**	**% Change**
Net free cash flow[1]	**199.9**	262.4	(25%)
Full year Dividend Per Share (cents)	**2c**	3c	(33%)
Net debt[1]	**481.2**	434.5	(11%)
Leverage ratio (times)[1] (Net debt/EBITDA)	**2.12**	1.65	--
Interest cover (times)[5] (EBITDA/Net Interest)	**4.17**	4.06	--

(1) Normalised result excludes significant items.
(2) Reported result includes significant items. Pre tax significant items for FY14 were ($493.0 million), Significant items in FY14 included impairment of goodwill and brands ($358.2 million); restructuring costs of ($38.2 million); net loss on sale of businesses ($96.5 million) and tax benefit of $24.8 million. Significant items in FY13 comprised net gain on business divestments/asset sales of $13.7 million; net insurance proceeds of $16.8 million; restructuring costs of ($17.4 million) and tax benefit of $2.9 million.
(3) Net free cash flow represents receipts from customers less payments to suppliers and employees.
(4) Net debt excludes an unrealised FX gain of $32.9 million (FY13: gain of $23.9 million) relating to the revaluation of the Company's US dollar private placement debt hedge
(5) Calculated in accordance with the Group's debt facility covenants.

**** Normalised EBIT, EBITDA, EPS and NPAT are non-IFRS measures that reflect, in the opinion of the Directors, the ongoing operating activities of the Company in a way that appropriately presents its underlying performance. The non-IFRS underlying profit measures exclude restructuring expenses, profits or losses from sale of businesses and assets, insurance proceeds, asset write-downs, asset impairments and realised foreign exchange losses. The non-IFRS financial information has not been audited or reviewed.***

Financial Results Overview

- **Revenue growth in Baking, Dairy and Asia Pacific offset by significant commodity cost pressure and difficult trading environment**
  - Improved pricing/mix and increased market share in power brands drives top line improvement in Baking offset by high A$ wheat price and manufacturing reliability issues
  - Significant turnaround in performance from Fiji Poultry business drives revenue and earnings increase in Asia Pacific business
  - Despite volume uplift, increase in farmgate milk price impacts Dairy earnings
  - Improvement in Dressings & Mayonnaise offset by increased competitive environment in Spreads/Flour

- **Normalised result from Continuing Operations reflects challenging commodity costs and trading conditions**
  - Normalised EBITDA* down 11% reflects impact of commodity costs pressures (New Zealand Dairy, A$ wheat) and increased investment in marketing/branded innovation
  - Normalised EBIT* down 19%; Normalised NPAT* down 17%; reflects lower EBIT partially offset by lower interest and tax expense

- **Reported results from Continuing Operations reflect impact of loss on sale of non-core businesses, non-cash impairments and restructuring costs**
  - Loss on sale of $97.3 million related to divestment of non-core businesses (Biscuits, Meats, Pizza)
  - Non-cash impairments pre-tax of $358.2 million in line with previous market communication
  - Restructuring costs related to simplified organisational structure
  - Reported NPAT loss of $405.1 million

- **Improvement in Capital Management in second half vs first half**
  - Net debt 12% lower than first half to $481 million at year end
  - Operating cash flow up over 100% from first half
  - Credit metrics continue in line with investment grade

- **Final Dividend of 1c per share payable on 1 October 2014**
  - Fully franked for Australian shareholders
  - 100% imputed for New Zealand shareholders

- **Update on Scheme of Arrangement with Wilmar/First Pacific**
  - Regulatory approvals process underway
  - Expect dispatch of Scheme Booklet to shareholders in October and shareholder meeting in late November

Commentary on Results

While the Company had made progress in some areas of the business during the financial year, sharply increased commodity costs and higher logistics costs had impacted the full year result, a disappointing outcome in the context of where the Company had expected to be at this point in the strategic plan.

It was initially expected that in FY14 the Company would return to profitable growth, building on the restructuring work completed in the initial phases of the strategy to re-focus the business, align the cost base and restore the balance sheet.

While the Company experienced growth in some areas of the portfolio, the record increase in the farmgate milk price in New Zealand, together with the increase in the A$ wheat price resulted in significant input cost pressures which were unable to be fully recovered through pricing.

Additionally, the Australian Baking business was impacted by increased freight and transport costs to ensure continued delivery of fresh product to its customers while reliability issues at some of the major manufacturing facilities were addressed.

The Grocery business continued to face a very challenging retail trading environment, which was compounded by the Company's new product development in Spreads not being successfully ranged across all retailers.

In response to this earnings decline, the Company has accelerated cost savings initiatives across the business by implementing a more simplified corporate structure, from which an additional $25 million in annualised cost savings is expected to be generated by FY15.

While the Company continues to address these short term challenges, it remains focused on its strategic objectives which are aligned to generating value over the medium term.

That includes an increase in branded core category innovation which has resulted in an improved share in the Company's power brands in Baking, particularly through the launch of new product development into new categories, such as gluten free and lower carbohydrate products in both Australia and New Zealand.

It also includes the $25 million investment being made in the Company's Christchurch UHT plant to leverage the Company's existing export capacity of UHT milk to the rapidly growing premium UHT market in China.

While FY14 was a significant step back from where the Company had expected to be, it remains committed to building a business which can deliver sustainable growth over the medium term.

Group Financial Results – Continuing Operations

The Company reported a statutory loss from continuing operations of $405.1 million compared to a net profit from continuing operations of $83.5 million for the prior year.

The Company's reported results include the impact of significant items primarily related to the loss on sale of divested businesses, restructuring costs and non-cash impairments. Total after tax significant items for FY14 were ($468.2 million).

The loss on sale relating to divested businesses was $97.3 million, while restructuring costs associated with business divestments and cost savings initiatives were $38.2 million.

On 2 July, the Company advised that it expected to record non-cash impairments in the range of $300-$400 million, reflecting the ongoing challenging trading conditions and outlook in its core Baking and Grocery businesses.

Having conducted a detailed analysis of the carrying value of its businesses, the Company has recorded a non-cash impairment charge pre-tax of $358.2 million, comprising $337.4 million in the Australian and New Zealand Baking division and $20.8 million in the New Zealand Grocery division.

Revenue increased by 3 per cent, driven by an improvement in net average selling price and mix towards more premium products, including Artisan in Baking, the ongoing recovery in the Company's Fiji Poultry business and higher pricing in Dairy.

Normalised EBITDA (which excludes significant items) was $223.8 million, 11 per cent lower than the prior year, impacted by the significant increase in commodity costs (A$ wheat and raw milk) and also from increased freight and transport costs in the Australian Baking division as a result of factory breakdowns during the year.

Normalised EBIT declined by 19 per cent to $150.7 million, reflecting increased costs, ongoing challenging conditions in Grocery, particularly for Spreads and edible oils, and also a $7 million higher depreciation charge related to the Company's increased capital investments over the past two years.

Normalised net profit after tax was $63.1 million, a decrease of 17 per cent on the prior year (FY13: $75.7 million). Net interest expense was 15 per cent lower than the prior year while the underlying effective tax rate was 25.2 per cent in FY14 compared to 29.4 per cent in the prior year.

Net debt at 30 June 2014 was $481.2 million, 12 per cent lower than 31 December 2013 but 11 per cent above the prior year (FY13: 434.5 million). Net debt was impacted by the revaluation of NZ$ denominated debt as a result of the lower A$/NZ$ exchange rate.

The Company continues to operate comfortably within its banking covenants, post non-cash impairments, with a leverage ratio (Net debt/EBITDA) of 2.12 times and interest cover (EBITDA/Net Interest) of 4.17 times.

Continuing Operations - Divisional Performance

Baking (ex New Zealand Milling)

A$m unless specified	FY14	FY13	Variance
Revenue	**924.6**	897.8	+3%
EBIT(Normalised)*	**35.0**	49.5	(29%)
EBIT Margin*	**3.8%**	5.5%	(31%)
Capital Expenditure	**39.4**	35.8	+10%

Note: (*) Represents EBIT before restructuring costs as per note 4 'segment information' in the 30 June 2014 financial report. The prior year excludes normalised EBIT from the New Zealand Milling business of $8.4 million

In the Baking division, the Company achieved revenue growth from successful demand creation initiatives and improved pricing; however this was more than offset by the higher A$ wheat price and increased logistics costs.

Revenue increased by 3 per cent to $924.6 million, reflecting higher net average selling prices and improved mix, despite a decrease in volume of 5 per cent.

Market share in fresh loaf increased, with Helga's up three share points (quarterly), while new product formulation and marketing campaigns assisted in Wonder White increasing its market share by one share point (quarterly).

Volumes were 5 per cent lower than the prior year, reflecting the removal of a limited number of SKUs, lower volume in bakery snacks and the deletion of Mighty Soft loaf by one retailer. Mighty Soft was re-listed towards the end of the year.

Normalised EBIT decreased by 29 per cent to $35.0 million compared to the prior year, impacted by the higher A$ wheat price and by increased freight and logistics costs.

During the year, the Company experienced a small number of breakdowns at its major bakeries which affected production. To maintain customer service metrics under its daily fresh delivery model, the Company invested in significant additional transport and logistics costs.

The Company is implementing a reliability improvement plan across its major bakeries which includes continuous improvement programmes to improve production efficiency and run rates.

Direct marketing expenditure (DME) increased by 41 per cent on the prior year to support marketing campaigns and re-launches of Helga's and Wonder White in Australia and Freya's in New Zealand.

Grocery

A$m unless specified	FY14	FY13	Variance
Revenue	**448.9**	502.8	(11%)
EBIT (Normalised)*	**50.9**	63.4	(20%)
EBIT Margin*	**11.3%**	12.6%	(10%)
Capital Expenditure	**6.7**	7.7	(13%)

Notes: (*) Represents EBIT before restructuring costs as per note 4 'segment information' in the 30 June 2014 financial report

Trading conditions in the Grocery division continued to be very challenging, particularly in the Australian market, which impacted earnings compared to the prior year.

Revenue declined by 11 per cent, to $448.9 million, impacted by lower volumes (Australia), which required further investment in promotional strategy to mitigate volume declines.

The main contributors to lower volume and revenue in Grocery were in spreads, edible oils and also in cake mix from increased price competition from both private label and competitors. Volumes in New Zealand were steady on the prior year.

The decline in volumes and revenue was also affected by the divestment of the biscuits business in Australia to Green's Foods Holdings Pty Limited, which completed on 24 February 2014.

The decline in volume and earnings in the spreads business had a significant effect on the Grocery division. This was due to the lack of ranging of new product development, deletion of core products and increased ranging and competition from new private label entrants.

Dressings and mayonnaise continued to perform well in the second half, with Praise reinforcing its category leadership position. New product launches in Praise Aioli and Praise Secret Sauces delivered overall market share improvement.

Despite lower revenue, gross margin as a percentage of sales improved on the previous year from continued focus on cost discipline across Australia and New Zealand.

Normalised EBIT declined by 20 per cent on the prior year, impacted by the poor performance of the spreads business, only partially offset by the improved performance in dressings and mayonnaise. In New Zealand, EBIT was slightly ahead of the prior year.

The EBIT result included a 24 per cent increase in DME to fund brand equity campaigns across the core categories in the portfolio.

Dairy (Including Meats)

A$m unless specified	FY14	FY13	Variance
Revenue	**472.7**	395.3	+20%
EBIT (Normalised)*	**19.9**	37.7	(47%)
EBIT Margin*	**4.2%**	9.5%	(56%)
Capital Expenditure	**9.4**	5.8	+62%

Note: (*) Represents EBIT before restructuring costs as per note 4 'segment information' in the 30 June 2014 financial report

The Company's Dairy division in New Zealand was severely impacted by the record increase in the farmgate milk price during the year.

The published farmgate milk price, which is a key determinant of the Company's product cost, increased by 57 per cent during the year. The Company was not able to fully recover this higher input cost through wholesale pricing to its customers, which had a significant effect on margins in the Dairy business.

Revenue increased on higher pricing and from an increase in milk volumes in key accounts, partially offset by lower volumes in Route Food Service accounts. Volumes were also lower due to the sale of the Meats business to Hellers Limited which completed on 31 March 2014.

Earnings were impacted by the record increase in the farmgate milk price, with normalised EBIT declining by 47 per cent on the prior year.

In June 2014, the Company announced an expansion and upgrade of its UHT milk plant in Christchurch, New Zealand, increasing capacity to meet growth opportunities across the Asia Pacific region.

Asia Pacific

A$m unless specified	FY14	FY13	Variance
Revenue	**353.7**	331.8	+7%
EBIT (Normalised)*	**65.1**	56.4	+15%
EBIT Margin*	**18.4%**	17.0%	+8%
Capital Expenditure	**10.4**	10.0	+4%

Note: (*) Represents EBIT before restructuring costs as per note 4 'segment information' in the 30 June 2014 financial report

Earnings from the Asia Pacific division increased significantly on the prior year as the Company successfully resolved the one-off operational capacity issue in the Fiji Poultry business.

Despite a volume decline of 2 per cent, revenue increased by 7 per cent to $353.7 million from improved pricing and product mix in Fiji and Papua New Guinea, off-setting higher wheat costs during the year. Flour volumes in Papua New Guinea were higher, partially offset by lower stockfeed volumes.

In Fiji, the Company successfully addressed the capacity issue which impacted prior year performance. In FY13 a higher than expected livestock mortality rate reduced the Company's ability to supply poultry to the Fiji market. Resulting lower volumes, together with higher costs associated with remediating the issue, impacted performance.

In FY14, the Company made significant progress in resolving this issue, with key operational metrics (mortality rates and processing yield) all returning to pre-issue levels. As a result, volume in the Fiji Poultry business was 16 per cent higher than the prior year.

Normalised EBIT was 15 per cent above the prior year, reflecting improved revenue and gross margin in Fiji from lower operational costs, partially offset by the lower PNG Kina vs the Australian dollar. EBIT margin also improved compared to the prior year.

FY15 Outlook

The outlook for retail trading conditions, particularly in Australia and New Zealand, remains difficult with continuing competitive pressure on product volumes and pricing. The Company continues to carefully monitor the recent introduction of "dollar bread" in New Zealand to assess any potential impact on proprietary bread volumes and pricing.

In New Zealand, the reduction in the farmgate milk price from 1 July 2014 is expected to assist in earnings improvement in the Dairy business in FY15.

In this environment, the Company will maintain its focus on strong operational cost control and expects to achieve further cost efficiencies from the simplified corporate structure implemented towards the end of FY13.

The Company's immediate priorities are to arrest the earnings decline in Grocery, particularly in spreads and edible oils, implement its plans to improve manufacturing reliability across the Baking network and work through solutions to capture greater cost efficiencies in the daily fresh delivery model in Australian Baking.

While the Company expects FY15 to be another difficult year, it continues to refine its strategy and re-align the cost base to deal with these challenges to build its competitive position.

Update on Scheme of Arrangement

On 2 July 2014, the Company announced that it has entered into a Scheme Implementation Deed ("Implementation Deed") with Wilmar International Limited ("Wilmar") and First Pacific Company Limited ("First Pacific") under which Wilmar and First Pacific will acquire all of the remaining issued equity in the Company that they do not already own by way of a scheme of arrangement ("Scheme").

Under the terms of the Scheme, Goodman Fielder shareholders will be entitled to receive A$0.675 cash per share subject to all necessary conditions being satisfied or waived and the Scheme becoming effective.

In the absence of a superior proposal and subject to an independent expert concluding that the Scheme is fair and reasonable and in the best interests of the Company's shareholders, the Board of Directors of the Company unanimously recommends that shareholders vote in favour of the Scheme.

Wilmar and First Pacific are progressing the regulatory approvals process in accordance with the Implementation Deed and it is currently anticipated that a Scheme Booklet (including the Independent Expert's Report) will be sent to shareholders in October 2014.

The Company anticipates that a shareholder meeting to approve the Scheme will be held in late November with a Scheme implementation date in December 2014.

However, it should be noted that these are indicative dates and subject to change, depending on the progress of regulatory approvals.

Business Strategies and Prospects

In September 2012, the Company outlined its Strategic Plan, providing detailed information on the various strategies the Company intends to pursue to enhance shareholder value over the medium term and achieve its vision to be the leading and most innovative local food company. During the year ended 30 June 2014, the Strategic Plan was further refined and certain aspects accelerated. Set out below are the six specific areas of focus which represent the key components of the Company's Strategic Plan, together with a summary of progress made during the 2014 financial year in meeting these strategic objectives.

Business Strategy		Strategic Objectives	Progress Made
1	Bakery Turnaround	*Restore acceptable earnings in Baking division by:* • transforming the manufacturing footprint • optimising the product portfolio • improving distribution efficiencies	• Demand creation strategies drive increased share in power brands in Australia (Helga's and Wonder White) and increased revenue up 3% • Earnings were impacted by the high A$ wheat price and costs relating to reliability issues in manufacturing
2	Sustainable Cost Structure	• ensure a low cost, efficient operating model • optimise cost of goods sold (COGS), Supply Chain and overhead expenditure	• Manufacturing reliability issues caused delay in $15 million expected cost savings - expected to be received in FY15 • In response management accelerated cost savings initiatives, primarily through headcount reduction, to achieve $25 million in annualised savings by FY15
3	Core Category Innovation	• invest for growth in five core categories • create R&D function to drive branded innovation across portfolio	• NPD – Successful launch of Helga's / Freya's Gluten Free and Lower Carb, Wonder White new formulation, Praise Aioli and Secret Sauces, White Wings Cafe Creations • Lack of ranging Spreads NPD (Aust), deletion of SKUs impacts Grocery earnings
4	Strategic Partnerships with Key Customers	• restructure the operating model to provide one face to the customer • work collaboratively with customers on new product development (NPD) and consumer insights • improve dialogue with customers to restore category profitability	• Continued investment in alignment and collaboration with key customers – Company named as Woolworths Fresh Supplier of the Year
5	New Channels & Geographies	• diversify earnings beyond supermarket channel and leverage Asia Pacific presence • develop strategy to build presence in Artisan / In-Store bakery • implement scoping study targeting UHT & Bakery opportunities in Asia	• Increase UHT capacity at Christchurch by 32 million litres per annum to leverage existing platform of exports to China • Continued growth in revenue from Artisan
6	Portfolio Optimisation	• become a more focused food company with best in class innovation • divest non-core businesses • prioritise marketing and capital expenditure on core categories	• Successfully divested non-core businesses during the year: Biscuits, Meats and Pizza

In addition to the progress made in relation to the Company's strategic objectives, the Company also made significant progress in key areas of operational effectiveness -- safety, quality, talent development, innovation and leadership -- as detailed below:

- Group Safety (as measured by the Significant Injury Frequency Rate (SIFR)) improved substantially in 2014, with a 42 per cent decline in SIFR compared with the prior year.
- The Company maintained its focus on food safety and quality, with a 20% reduction in the number of customer and consumer complaints compared with the prior year
- The Company's executive management structure further evolved during the financial year, through consolidation of roles and changes in reporting lines to increase focus, accountability and efficiency, improve execution and drive increased customer alignment. A number of internal candidates were promoted through our succession program to fill more senior roles during the year and gender diversity in the Executive Leadership Team continued to increase, through a significant proportion of new appointments being high-potential women.
- The Company significantly strengthened its innovation pipeline in key categories, including achieving category growth and market leadership of the dressings and mayonnaise category through its packaging/new product development initiatives.

During the 2014 financial year engagement reporting period, a further 15% improvement in employee engagement was recorded, continuing the year-on-year improvement from the prior reporting period.

Material Business Risks

Goodman Fielder remains confident that its strategy has the capacity to achieve the Company's vision and goals and deliver enhanced shareholder value over the medium term. However, the Company is also aware that a range of risks may materially affect business performance and impact its ability to deliver its strategic objectives. Material business risks are set out below, along with the Company's approach to managing these risks. While every effort is made to identify and manage material risks, additional risks not detailed below may also adversely affect the Company's future performance.

1. Increased competitive environment

Goodman Fielder operates in highly competitive markets where its products compete against a number of proprietary branded goods and also private label products sold through supermarket channels. Increased competition through more aggressive pricing and promotional activity of competitor (including private label) products poses a potential risk to Goodman Fielder's market share, revenues and earnings.

The Company's strategy to mitigate these risks includes:

- Further investing in innovation/equity in its brands (including development of intellectual property) to differentiate products from competitors;
- Implementing specific strategies to maximise efficiencies from promotional spending in core categories;
- Pursuing opportunities for product sales in channels outside of supermarkets (e.g. route food service market, hotels, restaurants and cafes etc); and
- Expanding export markets and pursuing growth opportunities in China/Asia.

2. Rising input costs and inability to recover through price increases

Goodman Fielder requires a range of raw materials, energy, labour and third-party services to manufacture and deliver its finished goods across its network. There is a potential risk to Goodman Fielder's earnings if these input costs rise significantly beyond the Company's ability to recover through price increases.

The Company's strategy to mitigate these risks includes:

- Securing long term supply agreements for its core raw materials, including wheat, flour, oils and raw milk, and for other key inputs such as packaging materials;
- Proactive management of the risk of commodity cost movements within Board approved limits to manage the Company's commodity cost exposure; and

- Specific cost management programmes targeting manufacturing, procurement, supply chain, distribution and overhead efficiencies to address rising input costs.

3. Branded innovation

A key component of Goodman Fielder's strategy to increase earnings growth is the Company's focus on branded innovation and research and development. There is a potential risk to future earnings that product innovation (new products, packaging and brands) relating to this strategy may not be successful in the market. Goodman Fielder mitigates this risk through a formal and disciplined 'stage gate' process in its research and development approach, to quantify risks and business pay-back related to new product development across its businesses, as well as implementation of a number of ideation and idea generation techniques designed to maintain a permanent flow of ideas, concepts and projects.

4. Key customer relationships

Goodman Fielder has supply relationships with a number of significant customers and loss of a key customer or ineffective management of a key contract poses a potential risk to Goodman Fielder's market share, revenues and earnings. The Company's risk mitigation strategies include diversification of its customer base (including through new channels and geographies), improving alignment and strategic dialogue with key customers and multi-functional/collaborative innovation involving customers.

5. Food safety and quality

The consumer is central to the Company's focus on food safety and quality and ensuring the safety and quality of Goodman Fielder's products is of critical importance to the Company's brand equity and corporate reputation. Inadequate or inconsistent quality standards and practices across the Group or its key suppliers, co-manufacturers and co-packers could potentially result in harm to consumers and also represent a potential risk to Goodman Fielder's market share, revenues and earnings.

The Company's strategy to mitigate these risks includes:

- strengthening leadership and capability of the Company's Quality function and ensuring appropriate training and quality awareness programs at all levels of the business;
- consolidating the Company's Supplier Management program to drive Goodman Fielder Quality and Food Safety expectations across the supply chain;
- enhancing the Company's procurement program to ensure that only high quality ingredients are sourced from preferred suppliers;
- implementation and on-going development of a framework of standardised quality procedures, processes and disciplines across all sites; and
- capital expenditure and preventative maintenance programs designed to enhance product quality.

6. Strategy and project/program execution

Achieving Goodman Fielder's strategic plan requires both effective change management and prioritisation and execution of key strategic projects and initiatives. Failure to effectively progress and deliver the Company's turnaround strategy may adversely impact the Company's earnings. Similarly, if the Company has not developed an effective strategy to achieve sustainable earnings growth, innovate in core categories, and deliver on its safety, quality, efficiency and engagement goals, it risks a decline in financial performance and loss of investor and market confidence. To mitigate these risks, the Company has implemented a detailed strategic planning process, as well as a project management framework and related governance processes and communications plans to manage and monitor key strategic projects throughout the Group. It has also strengthened the capability of key functions involved in strategic planning and project management through additional investment in systems, training and talent.

7. Supply chain / manufacturing

The Company's ongoing financial and operational success relies upon its ability to deliver a safe, high quality, low cost, flexible supply chain, manufacturing and distribution network which aligns with the Company's strategic objectives. If the Company cannot efficiently and reliably manufacture quality products to achieve its objectives or establish and maintain appropriate supply and distribution arrangements to enhance its operations, the Company risks a decline in financial performance, as well as a loss of employee, customer, consumer and market confidence. The Company's strategy to mitigate these risks includes:

- strengthening Site operational and functional leadership and capability and ensuring development and implementation of appropriate training programs and initiatives to foster a "continuous improvement' culture;
- further development of an integrated resources and capability plan and continually refining its integrated supply chain and operations strategy, with prioritised initiatives to ensure delivery;
- a continued focus on "end to end" predictability to ensure ongoing improvements in asset protection, plant reliability (including preventative maintenance) and security of products and personnel; and
- development and maintenance of business continuity, crisis management and disaster recovery plans to ensure the Company is able to respond and recover on a timely basis in the event of a critical incident or crisis.

Forward-looking Statements

Certain statements contained in this report may constitute forward-looking statements or statements about future matters that are based upon information known and assumptions made as of the date of this report. These statements are subject to risks and uncertainties and are susceptible to change. Actual results and outcomes may differ materially from any future results or performance expressed, predicted or implied by the statements contained in this report.

Directors

The Board of Directors of the Company currently consists of eight Directors - seven independent non-executive Directors and the Managing Director. The names and details of the Directors of the Company holding office during the financial year and until the date of this report are as follows:

Name, Qualifications and Position	Age	Experience and Special Responsibilities
Steven Gregg BCom Chairman of the Board and Independent non-executive Director	53	Director since 26 February 2010 and Chairman of the Board and of the Nomination Committee since 1 October 2012. Chairman of the Corporate Risk Committee from 26 February 2010 to 25 October 2012 and Member of the Audit Committee from 26 February 2010 to 25 October 2012. Mr Gregg is an experienced investment and commercial banker with extensive Australian and international executive experience with ABN Amro (as Senior Executive Vice President and Global Head of Investment Banking), Chase Manhattan, Lehman Brothers and AMP Morgan Grenfell. His most recent executive role was as Expert Partner at McKinsey & Company in Australia and the US. Mr Gregg is a member of the Grant Samuel non-executive Advisory Board and is a non-executive Director of Tabcorp Holdings Limited (appointed July 2012), Challenger Limited and Challenger Life Limited (appointed October 2012) and William Inglis & Son Limited. He is the Chairman of Sunshine (the Lorna Hodgkinson Sunshine Home) and also served as the Chairman of Austock Group Limited between November 2009 and May 2012. He was appointed a Trustee of the Australian Museum Trust in January 2014. *Former directorships of other listed companies during the past three years: Austock Group Limited, November 2009 to May 2012*
Chris Delaney BA Managing Director and Chief Executive Officer	52	Managing Director and Chief Executive Officer, appointed 4 July 2011. Mr Delaney is an experienced FMCG executive whose international career includes senior executive positions in the US, Australia, Asia, Europe and the Middle East. He initially served at Procter & Gamble for 20 years in a variety of management roles before joining the Campbell Soup Company in 2004 as Vice President of Sales. He was subsequently appointed President of Emerging Markets and then President (Asia Pacific) in 2009. In his most recent role, he was responsible for leading and growing Campbell's fastest growing region, with revenue of more than $1 billion and operations in Australia, New Zealand and Asia. Mr Delaney is currently Deputy Chairman of the Australian Food and Grocery Council. *Former directorships of other listed companies during the past three years: None*
Ian Cornell Independent non-executive Director	60	Director since 15 February 2014. Member of the Human Resources and Remuneration Committee (appointed 15 February 2014). Mr Cornell is a highly experienced executive in the Australian/New Zealand retail and food and grocery industries, having held a number of senior executive positions with Woolworths, Franklins and Westfield. Mr Cornell's most recent executive position was at Westfield Group where he was Director of Human Resources and previously, Director of Shopping Centre Management for Australia and New Zealand. Prior to joining Westfield, Mr Cornell was the Chief Executive Officer of Franklins in Australia and also held numerous senior executive positions with Woolworths Limited, including the role of Chief General Manager for Woolworths' supermarkets division. Mr Cornell is a non-executive director of Myer Holdings Limited (appointed February 2014) and William Inglis & Son Limited. *Former directorships of other listed companies during the past three years: None*

Name, Qualifications and Position	Age	Experience and Special Responsibilities
Jan Dawson BCom, FCA, FInstD Independent non-executive Director	60	Director since 1 October 2012. Member of the Corporate Risk Committee (appointed 1 October 2012) and the Audit Committee (appointed 1 January 2013). Ms Dawson, who is based in New Zealand, was formerly the Chair and Chief Executive of KPMG New Zealand where she had extensive experience encompassing audit and accounting advice, due diligence, capital transactions, risk management, governance and litigation support for a wide range of companies across manufacturing, property and infrastructure. Ms Dawson was appointed a non-executive Director of Air New Zealand Limited in April 2011 and Deputy Chairman in September 2013. She is also a non-executive Director of Westpac New Zealand Limited, Meridian Energy Limited, AIG Insurance New Zealand Limited and Beca Group Limited, as well as a. member of the Capital Investment Committee of the National Health Board, a Councillor of the University of Auckland, a member of the Council and Chair of the Audit Committee of the International Sailing Federation and a Trustee of the Voyager New Zealand Maritime Museum. Ms Dawson was formerly the Deputy Chair of Counties Manukau District Health Board, a member of the Disciplinary Tribunal of the New Zealand Institute of Chartered Accountants and the President of Yachting New Zealand. *Former directorships of other listed companies during the past three years: None*
Chris Froggatt BA Hons, FCIPD, MAICD Independent non-executive Director	55	Director since 27 August 2009. Member of the Corporate Risk Committee (appointed 27 August 2009) and the Nomination Committee (appointed 24 March 2010) and Chairman of the Human Resources and Remuneration Committee (appointed a Member on 27 August 2009 and Chairman on 1 January 2011). Ms Froggatt has over 20 years' senior executive experience as a human resources specialist in leading international companies including Brambles Industries plc and Brambles Industries Limited, Whitbread Group plc, Diageo plc, Mars Inc and Unilever NV. More recently she has served on the Boards of Britvic plc and Sports Direct International plc and as an independent trustee director of Berkeley Square Pension Trustee Company Limited. She is currently a non-executive director on the Boards of Myer Holdings Limited (appointed December 2010), the Australian Chamber Orchestra and Australian Chamber Orchestra Instrument Fund Pty Ltd. Ms Froggatt has a broad industry background, particularly in consumer branded products, covering industries such as beverages, food and confectionery through her appointments at Britvic, Whitbread, Diageo and Mars. She also has a breadth of experience in other industries such as retailing, hotels, leisure and logistics. *Former directorships of other listed companies during the past three years: None*

Name, Qualifications and Position	Age	Experience and Special Responsibilities
Peter Hearl BCom, MAIM, GAICD, Member - AMA Independent non-executive Director	63	Director since 26 February 2010. Member of the Human Resources and Remuneration Committee (appointed 26 February 2010) and the Audit Committee (appointed 26 February 2010) and Chairman of the Corporate Risk Committee (appointed 25 October 2012). Member of the Nomination Committee from 25 March 2011 to 25 October 2012. Mr Hearl is an experienced senior executive with international experience and expertise in the FMCG sector. His previous roles included executive appointments with Yum Brands, the world's largest (by number of outlets) restaurant company (where he was Chief Operating and Development Officer), Pepsico and Exxon (Esso). He has also been a non-executive Director of Amrest Inc, Westport Resources Inc and KFC Japan Inc. He has a wealth of knowledge and experience in the Asia Pacific region and has also worked extensively in Europe, the USA and Australia. He is currently a Director of Treasury Wine Estates Limited (appointed February 2012). He also advises and is a Director of a small number of private companies. *Former directorships of other listed companies during the past three years: None*
Clive Hooke FCPA, FAICD Independent non-executive Director	68	Director since 19 April 2007. Chairman of the Audit Committee (appointed 21 June 2007) and Member of the Corporate Risk Committee (appointed 21 June 2007). Mr Hooke is an experienced senior executive and business and financial consultant. He was the Chief Financial Officer of National Foods Limited from 1997 until his retirement in 2004, prior to which he served as Chief Executive of Totalizator Agency Board of Victoria from 1993 until its acquisition by TABCORP in 1994, and as Director of Strategy and Finance of Elders Agribusiness Group (part of Foster's Brewing Group Limited) between 1982 and 1991. Mr Hooke is a former Chairman of Astra Capital Limited[(1)] and Big Brothers - Big Sisters Australia Limited and also served as a Director of Tassal Group Limited between November 2010 and March 2012. *Former directorships of other listed companies during the past three years:* *Tassal Group Limited, November 2010 to March 2012*
Ian Johnston BCom, CPA Independent non-executive Director	67	Director since 26 May 2008. Member of the Audit Committee (appointed 26 May 2008), the Human Resources and Remuneration Committee (appointed 26 May 2008) and the Nomination Committee (appointed 25 October 2012). Mr Johnston has over 30 years' experience with a number of leading companies in the international food and beverage industry. He initially spent 13 years with Unilever in a range of domestic and overseas marketing roles and then joined Cadbury Schweppes as Marketing and Sales Director, Australia/New Zealand. Mr Johnston was subsequently appointed Managing Director of Cadbury's UK business before becoming Managing Director, Global Confectionery of Cadbury Schweppes plc from 1996 until 2000. He then served from 2001 to 2004 as President and Chief Operating Officer of The Olayan Group, a privately-owned Saudi Arabian conglomerate. He was appointed a non-executive Director of Foster's Group Limited[(2)] in September 2007 and then held the position of Chief Executive Officer between September 2008 and the demerger of its wine business in May 2011. *Former directorships of other listed companies during the past three years: None*

(1) Formerly FCPB Investments Limited. Astra Capital Limited was removed from the official list of ASX Limited on 21 February 2011 following completion of compulsory acquisition by Taverners No. 12 Pty Ltd (in its capacity as trustee for the Taverners No. 12 Unit Trust) and Taverners AKR Pty Ltd (in its capacity as trustee for the Taverners (Australia) Trust No.2).

(2) Foster's Group Limited was removed from the official list of ASX Limited on 20 December 2011 following completion of its acquisition by SABMiller Beverage Investments, a subsidiary of SABMiller plc.

Company Secretary

Sara Goldstein was appointed Company Secretary of the Company on 1 April 2014 after holding the position of Assistant Company Secretary since May 2006. Her previous experience includes company secretarial roles with a number of ASX-listed entities, including Stockland and AMP Limited. She has degrees in business and law from universities in Canada and an LLM from the University of Sydney. She is an Associate of the Governance Institute of Australia (formerly the Institute of Chartered Secretaries of Australia), a Canadian-qualified Chartered Accountant and a member of the Law Societies of British Columbia and New South Wales.

Directors' Meetings

The number of Directors' meetings (including meetings of Committees of the Board) attended by each of the Directors of the Company during the financial year were:

	Board of Directors		Audit Committee[b]		Corporate Risk Committee[c]		Human Resources and Remuneration Committee[d]		Nomination Committee[e]	
Scheduled	**16**		**4**		**3**		**4**		**1**	
Unscheduled	**7**		**-**		**-**		**-**		**-**	
Name	**Held[a]**	**Attended**	**Held[a]**	**Attended**	**Held[a]**	**Attended**	**Held[a]**	**Attended**	**Held[a]**	**Attended**
S Gregg	23	23	-	-	-	-	-	-	1	1
C R Delaney	23	22	-	-	-	-	-	-	-	-
I G Cornell	13	12	-	-	-	-	2	1	-	-
J A Dawson	23	23	4	4	3	3	-	-	-	-
C J Froggatt	23	23	-	-	3	3	4	4	1	1
P R Hearl	23	21	4	3	3	3	4	3	-	-
C A Hooke	23	22	4	4	3	3	-	-	-	-
I D Johnston	23	21	4	4	-	-	4	3	1	1

(a) Reflects the number of meetings held while the Director was a member of the Board or Committee. Mr Cornell was appointed a Director of the Company and a member of the Human Resources and Remuneration Committee effective 15 February 2014.

(b) Mr Gregg and Ms Froggatt each attended four meetings at the invitation of the Audit Committee. Mr Delaney attended all meetings at the request of the Committee.

(c) Mr Johnston attended one meeting and Mr Gregg attended three meetings at the invitation of the Corporate Risk Committee. Mr Delaney attended all meetings at the request of the Committee.

(d) Messrs Gregg and Hooke and Ms Dawson each attended four meetings at the invitation of the Human Resources and Remuneration Committee. Mr Delaney attended four meetings at the request of the Committee but was not present when matters relating to his employment and remuneration were discussed by the Committee.

(e) Messrs Hooke and Hearl each attended one meeting at the invitation of the Committee. The full Board met formally and informally on a number of occasions in connection with the selection and appointment of a new Director.

State of Affairs

On 15 February 2014, Mr Ian Cornell was appointed a Director of the Company and a member of the Board's Human Resources and Remuneration Committee.

Mr Shane Gannon, the Company's Chief Financial Officer, left the Company on 29 November 2013 and the Company's new Chief Financial Officer, Mr Patrick Gibson, joined the Group on 1 April 2014. Mr Neil Kearney, the Company's Chief Strategy and Corporate Development Officer, served as interim Chief Financial Officer during the four-month period following Mr Gannon's departure.

Mr Andrew Hipperson, Managing Director Australia, passed away [in a motorcycle accident] on 18 January 2014 and management of the Australian and New Zealand businesses was consolidated under Mr Peter Reidie (formerly Managing Director, New Zealand) effective 13 February 2014. Mr Pankaj Talwar (formerly Category Managing Director, Bakery) was appointed Chief Marketing Officer and Category Managing Director, Bakery and Grocery, in March 2014 after Mr Aaron Canning, Category Managing Director, Grocery, left the Company on 28 February 2014.

Mr Jonathon West, the Company's General Counsel and Company Secretary, was appointed Chief Strategy and Corporate Development Officer effective 1 April 2014, replacing Mr Kearney, who left the Company on 17 April 2014. Mr Sean Tully was appointed General Counsel and Ms Sara Goldstein was appointed Company Secretary effective 1 April 2014.

As part of its ongoing strategy to optimise its portfolio, the Company divested a number of non-core businesses during the 2014 financial year. On 24 February 2014 the Company completed the sale of its Biscuits business to Green's Foods Holdings Pty Limited. On 31 March 2014 it completed the sale of its Meats business in New Zealand to Hellers Limited and the sale of its Pizza business in New Zealand to Mommas Foods Limited (formerly Mommas Frozen Products Limited) was completed on 28 May 2014. Consideration of $17 million from the sale of the Biscuits business and NZ$12.3 million from the sale of the Meats and Pizza businesses was used primarily to reduce debt and further strengthen the Company's financial position.

On 6 August 2013, $150 million and NZ$40 million was repaid on the Group's syndicated loan facility maturing November 2014 and NZ$10 million was repaid on the bilateral loan facility maturing 27 February 2014. On 7 February 2014, a further NZ$50 million was repaid on the bilateral loan facility maturing 27 February 2014 and the facility was then cancelled.

On 16 May 2014, the Company advised that it had received a non-binding, conditional proposal from Wilmar and First Pacific to acquire all of the issued equity in the Company by way of a scheme of arrangement at a proposed price of A$0.70 per share and, in addition, allowing the Company to pay a final dividend of A$0.01 per share for the year ending 30 June 2014. After consideration of the proposal, the Board advised that, in the absence of a superior proposal, it would unanimously recommend that shareholders vote in favour of the proposal, subject to a number of conditions. The Company also agreed to provide Wilmar and First Pacific with non-exclusive access to due diligence over a period of approximately four weeks, with precise details of the process to be agreed. Due diligence investigations were conducted by Wilmar and First Pacific during May and June 2014.

Other than as set out above there were no significant changes in the state of affairs of the Group during the financial year under review.

Events Subsequent to Balance Date

On 2 July 2014 the Company announced that it had entered into an Implementation Deed with Wilmar and First Pacific under which Wilmar and First Pacific will acquire all the remaining issued shares in the Company that they (and their related entities) do not already own by way of a Scheme.

Under the terms of the Scheme, shareholders will be entitled to receive A$0.675 cash per share subject to all necessary conditions being satisfied or waived and the Scheme becoming effective. The Scheme also allows for the Company to pay a final dividend of A$0.01 per share for the year ended 30 June 2014.

In the absence of a superior proposal and subject to an independent expert concluding that the Scheme is fair and reasonable and in the best interests of shareholders, the Board of Directors of the Company unanimously recommends that shareholders vote in favour of the Scheme.

The Company has appointed an independent expert to determine whether the Scheme is fair and reasonable and in the best interests of shareholders. The independent expert's report will be included in a Scheme booklet which is expected to be distributed to shareholders later in the calendar year, although this timing is subject to change, depending on the regulatory process.

The implementation of the Scheme is subject to a number of conditions which include the following:

- shareholders (other than Wilmar, First Pacific and their respective related bodies corporate) approving the Scheme at a Scheme Meeting (requiring approval from a majority in number of shareholders who vote and at least 75% of the total number of shares voted);
- all necessary regulatory approvals being obtained, including approval from the Foreign Investment Review Board in Australia, the Overseas Investment Office in New Zealand and the Ministry of Commerce (MOFCOM) in China;
- no material adverse change, 'prescribed occurrence' or regulatory restraint; and
- Court approval of the Scheme.

Full details of the terms and conditions of the Scheme are set out in the Implementation Deed, a copy of which was attached to the Company's announcement of 2 July 2014.

Other than as disclosed above, no matter or circumstance has arisen since the end of the financial year that has significantly affected, or may significantly affect, the Group's operations, the results of those operations, or its state of affairs in future financial years.

Likely Developments

Likely developments in the Group's operations in future financial years, the expected results of those operations and the Group's business strategy and prospects for future financial years are reported in the Operating and Financial Review on pages 3 to 12 in this Annual Financial Report.

Dividends

The Company paid an interim dividend for the year ended 30 June 2014 of one cent per ordinary share. On 13 August 2014, the Directors of the Company resolved to pay a final dividend of one cent per ordinary share, payable on 1 October 2014 to holders of record on 15 September 2014. The dividend will be 100% franked in Australia and imputed to 100% for New Zealand taxation purposes. The Directors have determined that the Company's dividend reinvestment plan (DRP) will not operate in respect of the October 2014 final dividend.]

Options Over Unissued Shares or Interests

There were no options over unissued shares or interests on issue during the financial year, and none had been granted or were on issue as at the date of this report.

No employee options were on issue as at the date of this report.

Directors' Interests

The number of ordinary shares in which each Director has a relevant interest as at the date of this report is as follows:

Name	Ordinary Shares
S Gregg	20,100
C R Delaney	700,100[1]
I G Cornell	10,000
J A Dawson	10,000
C J Froggatt	24,554
P R Hearl	220,000
C A Hooke	284,751
I D Johnston	193,044

(1) *Mr Delaney has entitlements to 3,458,775 shares (6,688,163 shares on achievement of "stretch" targets) under long-term incentive arrangements approved by shareholders at the Company's 2012 and 2013 Annual General Meetings.*

Transactions between companies within the Group and Director-related entities are set out on page 46 of this Annual Financial Report.

Officers

Ms Dawson, a non-executive Director of the Company since 1 October 2012, was formerly a partner of KPMG New Zealand, the auditor of Goodman Fielder New Zealand Limited, a wholly-owned subsidiary of the Company. Ms Dawson was not involved in the audit of Goodman Fielder New Zealand Limited or of the Company at any time while she was a partner of KPMG New Zealand.

Remuneration of Directors and Senior Executives

A Remuneration Report is set out in this Directors' Report on pages 21 to 46.

The Remuneration Report:

- explains the Board's policies in relation to the nature and level of remuneration paid to key management personnel of the Group (comprising the Directors of the Company and specified senior executives within the Group);
- discusses the relationship between the Board's policies and the Group's performance; and
- sets out remuneration details for key management personnel of the Group.

Environmental Regulation

Introduction

The management of environmental risks and compliance with environmental laws is a core consideration for the Group. The Corporate Risk Committee has responsibility for overseeing the Group's environmental risk management processes and regularly reviews safety, health and environment (SHE) reports from management. Priority issues and monthly performance updates are reported to the Board.

All of the Group's manufacturing operations are subject to the environmental laws of the particular countries and states in which they operate. The Group has corporate and locally based procedures to monitor and manage compliance with existing and new environmental regulations as they come into force. The Group plans and performs activities so that adverse effects on the environment are avoided or minimised to the extent reasonably practicable.

As a signatory to the Australian Packaging Covenant (APC), the Group undertakes a number of initiatives to reduce packaging waste and minimise the environmental impacts associated with its packaging material. Copies of its APC Action Plan and Annual Reports are available on its website.

Until the end of the 2014 financial year the Group's Australian operations were subject to the *Energy Efficiency Opportunities Act 2006* (Cth) (EEO), which required the Group to identify energy efficiency opportunities and report annually on progress made in implementing those opportunities. A public report was issued by the Group in December each year that outlined the energy use assessed, the energy saving opportunities identified and the status of those opportunities. Copies of the public reports issued by the Group are available on its website.

The Group reports the greenhouse gas emissions and energy consumption of its Australian operations on an annual basis in compliance with the *National Greenhouse and Energy Reporting Act 2007* (Cth). The Group implemented new procedures and protocols to calculate the impact of, and ensure compliance with, the *Clean Energy Act 2011* (Cth) and associated legislation.

Environmental Performance

The Group takes steps to continually improve its risk management program and environmental risks and impacts are assessed on an ongoing basis to ensure that the appropriate environmental controls have been implemented and are effective. The Group previously issued an annual Sustainability Report and, with a view to enhancing its stakeholder reporting, in October 2013 it issued its first Annual Review for the year ended 30 June 2013. Within the Annual Review, the Group identifies progress made against sustainability action plans and outlines its sustainability objectives for the next financial year. The Group's Annual Review for the 2014 financial year will be available on the Group's website (www.goodmanfielder.com.au) once issued.

The Group was not subject to any environmental fines or prosecutions for environmental offences during the year.

Indemnification and Insurance of Officers

Company's Constitution and Deeds of Indemnity and Insurance

Under the Company's Constitution and deeds of indemnity and insurance between the Company and its Directors and Company Secretary (Deeds), each Director and Secretary is indemnified, on a full indemnity basis and to the full extent permitted by law, against all losses or liabilities incurred as an officer of the Company or of a related body corporate. The indemnity is an irrevocable, unconditional, continuing and principal obligation of the Company, which applies despite the officer having ceased to be an officer of the Company or its related bodies corporate.

Each Director and Secretary is also indemnified, to the extent permitted by law, for legal costs incurred in connection with pursuing a claim under any relevant directors' and officers' liability insurance contract or in connection with involvement as a party or potential party in legal or administrative proceedings as a result of their position as a director or officer of the Company or its related bodies corporate.

By Deed Poll, the Company has also provided similar indemnities to each director and company secretary from time to time of a subsidiary of the Company.

No indemnities were paid to current or former Directors, Secretaries, or officers during or since the end of the year. The Company has not been advised of any claims under any of the above indemnities.

Insurance

The Company's Constitution permits the Directors to authorise the Company to purchase and maintain insurance for each officer, to the maximum extent permitted by law, against any liability incurred as an officer of the Company or of a related body corporate.

The Deeds and Deed Poll referred to above provide for the Company to maintain directors' and officers' liability insurance, if available from a reputable insurance company at reasonable commercial rates, for a period of 7 years after a person ceases to be a Director or Secretary or a director or secretary of a subsidiary.

During the financial year the Company paid insurance premiums in respect of directors' and officers' liability insurance contracts, covering the current and former Directors, Secretaries and executive officers of both the Company and its subsidiaries. The insurance contracts insure against certain liabilities (subject to specified exclusions) for persons who are or have been Directors and officers of the Company and its subsidiaries. The insurance contracts prohibit disclosure of the amount of the premium and the nature and extent of the liabilities covered.

Message from the Chairman of the Human Resources and Remuneration Committee

Dear Shareholder

2014 Financial Year

There was no change to the Company's remuneration policy and executive remuneration structure for the 2014 financial year and performance targets for the Company's short-term and long-term incentive plans were set by the Board with a view to maintaining management focus on the creation of shareholder value under the Company's Strategic Plan.

Fixed remuneration adjustments for the Group Executive for the year ended 30 June 2014 ranged between 0% and 3.5% (excluding increases resulting from changes in roles) and there was no increase in annual Board and Committee fees for the Chairman and non-executive Directors.

The 2014 financial year was a difficult one for Goodman Fielder, with a number of factors adversely affecting the Company's financial performance, and the Company delivered a disappointing full year earnings result.

As Group NPAT and Market EBIT targets were not achieved, total short-term incentive awards to senior executives for the 2014 financial year were limited to payments for the achievement of safety targets for both the Group and the Markets, with the Group achieving a 42% decline in the year-end significant injury frequency rate (SIFR) compared with the prior corresponding period. No financial performance threshold applied to these safety-related awards (which represent 10% of an executive's total short-term incentive opportunity), given the importance placed on driving significant improvements in safety across the Group. There was no allocation of shares under the Group's long-term incentive plan as ROCE and relative TSR performance targets were not achieved at the end of the three-year performance period.

Wilmar/First Pacific proposal

On 2 July 2014 the Company entered into a Scheme Implementation Deed ("Implementation Deed") with Wilmar International Limited ("Wilmar") and First Pacific Company Limited ("First Pacific") following the receipt of a proposal from Wilmar and First Pacific to acquire all of the issued shares in the Company. The Implementation Deed includes a number of provisions that impact the Company's remuneration structure and incentive plans for the year ending 30 June 2015.

Incentive arrangements that are to apply for the 2015 financial year require the consent of Wilmar and First Pacific and, at the time of finalising the Company's Remuneration Report, these arrangements had not yet been agreed. The Implementation Deed also governs the treatment (if the scheme of arrangement becomes effective) of unvested entitlements under existing incentive plans at the effective date of the scheme. These entitlements will either be replaced with new entitlements under incentive arrangements developed by Wilmar and First Pacific that are satisfactory to the Board or, if no such plans are agreed, the entitlements will vest on a pro-rata basis (as defined in the Implementation Deed).

It will be a number of months before shareholders vote on whether to approve the scheme of arrangement and, regardless of the proposal by Wilmar and First Pacific and the potential change in control of the Company, the Committee and Board will continue to focus on ensuring the Group's remuneration strategy and human capital initiatives appropriately support the delivery of the Company's strategic initiatives and the creation of value for the Company's shareholders.

Chris Froggatt

Chairman
Human Resources and Remuneration Committee

2014 Remuneration Report - audited

1. Introduction

This report, which forms part of the Directors' Report, outlines the Board's policy for determining the nature and amount of remuneration of the key management personnel of the Group and the relationship between this policy and the Group's performance. The Remuneration Report has been audited in accordance with the *Corporations Act* and its adoption will be subject to a non-binding vote of shareholders at the Company's 2014 Annual General Meeting.

The report provides remuneration information for the non-executive Directors of the Company and those senior executives who are responsible for planning, directing and controlling the activities of the Group.

Details of the key management personnel (KMP) of the Group during the 2014 financial year are set out below:

Non-executive Directors	Executive Director	
S Gregg (Chairman)	C R Delaney	Managing Director and Chief Executive Officer (CEO)
J A Dawson	**Executives**	
C J Froggatt	P D Foyston	Managing Director, Asia Pacific division
P R Hearl	P A Gibson(2)	Chief Financial Officer (CFO)
C A Hooke	P R Reidie(3)	Managing Director, Goodman Fielder Australia and New Zealand
I D Johnston		
I G Cornell(1)		
Former KMP		
	S M Gannon(2)	Chief Financial Officer
	N A Kearney(2)	Interim Chief Financial Officer
	A R Hipperson(3)	Managing Director, Goodman Fielder Australia

(1) Mr Cornell was appointed a non-executive Director of the Company, effective 15 February 2014.

(2) Mr Gibson was appointed Chief Financial Officer of the Group, effective 1 April 2014. Mr Gannon, the former Chief Financial Officer, ceased employment with the Group on 29 November 2013 and Mr Kearney, the Group's Chief Strategy and Corporate Development Officer, served as interim Chief Financial Officer from 30 November 2013 to 31 March 2014.

(3) Mr Hipperson, the Managing Director of the Group's Australian operations, passed away in a motorcycle accident on 18 January 2014. Mr Reidie was appointed Managing Director of the Group's Australian and New Zealand businesses effective 13 February 2014.

2. Remuneration Governance

The performance of the Group depends upon the quality of its Directors, senior executives and employees.

The Group's remuneration policy is set by the Board, with the objective of determining a framework of rewards which aligns with the Group's strategic objectives and shareholder expectations while also recognising the challenges which are particular to the Group and the industry in which it operates.

Human Resources and Remuneration Committee

The Human Resources and Remuneration Committee (the Committee) is responsible for recommending to the Board the compensation arrangements for non-executive Directors, the CEO and all executives who report directly to the CEO. Compensation arrangements for all other executives are determined by the CEO or relevant managers, having regard to guidelines determined by the CEO in consultation with the Committee and Board.

The Committee also plays an important role in monitoring organisational capability, succession planning and talent development.

The primary purpose of the Committee is to support and advise the Board in fulfilling its responsibilities to shareholders by reviewing and making recommendations to the Board on:

- the Group's executive remuneration policy;
- the remuneration of executive and non-executive Directors, as well as senior executives reporting directly to the CEO;
- the organisational capability of the Group, including having regard to talent and succession management for key roles and functions and the effectiveness of the Group's recruitment, appointment, retention and termination policies and procedures and succession planning processes for senior executives;
- equity based remuneration plans and other incentive schemes; and
- general remuneration and human resources policy.

The Committee comprises four independent non-executive directors:

- Ms Chris Froggatt (Chairman)
- Mr Ian Cornell (appointed 15 February 2014)
- Mr Peter Hearl; and
- Mr Ian Johnston.

Other non-executive Directors attend meetings of the Committee by standing invitation. The CEO attends meetings as required, but is not present during consideration of matters in which he has a personal interest unless such attendance is approved by the members of the Committee.

The Committee is supported by Goodman Fielder's Chief Human Resources Officer, the Company Secretary and, as necessary, external advisors.

During the year, the Committee met 4 times. The broad areas of consideration by the Committee during the year included: remuneration strategy, conditions and payments; incentive plan structures; engagement, retention and talent management and diversity.

Use of Remuneration Consultants

EY (formerly Ernst & Young) was appointed as independent remuneration advisor to the Committee and Board in November 2012. EY provided remuneration benchmarking data for the CEO, members of the Group Executive and non-executive Directors in connection with the Committee and Board's consideration of remuneration for the 2014 financial year, as well as information on other matters regarding the Group's remuneration framework and incentive programs and general data regarding market practice. No remuneration recommendations were provided by EY during or in connection with the 2014 financial year.

3. Non-executive Director Remuneration

The Group treats the remuneration structure of non-executive Directors as separate and distinct from that of executive Directors and senior executives.

Objective/Policy

It is the Company's objective to set aggregate remuneration for non-executive Directors at a level which will allow it to attract and retain Directors of the highest calibre, at a cost which is fair and reasonable in light of prevailing market conditions and is acceptable to shareholders.

Director remuneration is reviewed annually by the Board, having regard to the recommendations of the Committee and externally obtained market information for companies of comparable size and complexity, the commercial expertise and experience of the Directors, and the responsibilities and work requirements of the Chairman and members of the Board and Board committees. Consistent with prior years, total remuneration for non-executive Directors remained targeted between the market median and 75th percentile. Fees for the 2014 financial year for the Company's Chairman, Mr Gregg, represent a multiple of approximately 2.4 times the base Board fee.

There was no increase in Board or committee fees in the 2014 financial year and there will be no increase in fees for the year ending 30 June 2015.

Non-executive Directors' Fee Pool

The current aggregate limit remains at $1,500,000 per annum, which was approved 9 years ago by shareholders at the Company's Annual General Meeting in 2005.

Total Board and Committee fees paid to non-executive Directors for the year ended 30 June 2014 were $1,248,013, representing approximately 83% of the maximum amount recommended by the Company and approved by shareholders.

Remuneration Structure

Non-executive Directors receive Board fees and Committee fees only. Fees are inclusive of superannuation contributions. Non-executive Directors receive no other remuneration but may be reimbursed for expenses directly incurred in the course of their duties.

There are no unvested options or other share-based entitlements held by any non-executive Director and no pensions or other termination benefits are payable to any non-executive Director on ceasing to be a member of the Board. No options over unissued shares in the Company were granted to any non-executive Director or other share-based payments made as part of their remuneration during or in connection with the 2014 financial year.

Annual fees payable to non-executive Directors for Board and Committee membership were as follows:

	Chairman $		Member $	
	2014 Fees	**2013 Fees**	**2014 Fees**	**2013 Fees**
Board[1]	330,000	330,000/376,700[2]	137,000	137,000
Audit Committee	30,800	30,800	14,400	14,400
Corporate Risk Committee	21,600	21,600	12,900	12,900
Human Resources and Remuneration Committee	20,500	20,500	11,300	11,300

(1) Board fees were not paid to Mr Delaney, an executive Director, as his remuneration was paid in respect of responsibilities relating to his executive role as well as his duties as a Director of the Company.

(2) As Chairman of the Board, Mr Ould was entitled to a fee of $376,700 per annum. Following Mr Ould's retirement on 1 October 2012, Mr Gregg accepted the position of Chairman of the Board at a fee of $330,000 per annum. The Chairman of the Board is not entitled to any additional fees for serving on Board Committees.

The remuneration of the Company's non-executive Directors for the year ended 30 June 2014 is set out below:

	2014 $			2013 $		
Non-executive Directors:	**Short-term benefits - salary and fees**	**Post employment-superannuation**	**Total remuneration** (1)	**Short-term benefits - salary and fees**	**Post employment-superannuation**	**Total remuneration** (1)
S Gregg (Chairman)[(2)(3)]	**312,225**	**17,775**	**330,000**	274,826	15,924	290,750
I G Cornell[(4)]	**50,904**	**4,709**	**55,613**	N/A	N/A	N/A
J A Dawson[(5)]	**150,389**	**13,911**	**164,300**	109,748	9,877	119,625
C J Froggatt	**118,895**	**51,505**	**170,400**	119,252	51,148	170,400
P R Hearl[(3)]	**168,696**	**15,604**	**184,300**	162,836	14,655	177,491
C A Hooke	**165,400**	**15,300**	**180,700**	165,780	14,920	180,700
I D Johnston	**125,928**	**36,772**	**162,700**	139,654	23,046	162,700
Total	**1,092,437**	**155,576**	**1,248,013**	972,096	129,570	1,101,666

(1) Amounts disclosed as Director remuneration exclude insurance premiums paid by the Group in respect of Directors' and officers' liability insurance contracts which cover current and former Directors, Secretaries and senior managers of Goodman Fielder Limited and its subsidiaries. This amount has not been allocated to the individuals covered by the insurance policy as, based upon all available information, the Directors believe that no reasonable basis for such allocation exists.

(2) Comparative fees for Mr Gregg reflect Mr Gregg's election by the other Directors as Chairman of the Board effective 1 October 2012.

(3) Mr Gregg resigned as Chairman of the Corporate Risk Committee and as a Member of the Audit Committee on 25 October 2012. Mr Hearl was appointed Chairman of the Corporate Risk Committee on 25 October 2012.

(4) Mr Cornell was appointed a Director of the Company and a Member of the Human Resources and Remuneration Committee effective 15 February 2014.

(5) Comparative fees for Ms Dawson reflect her appointment as a Director of the Company and a Member of the Corporate Risk Committee effective 1 October 2012 and her appointment as a Member of the Audit Committee on 1 January 2013.

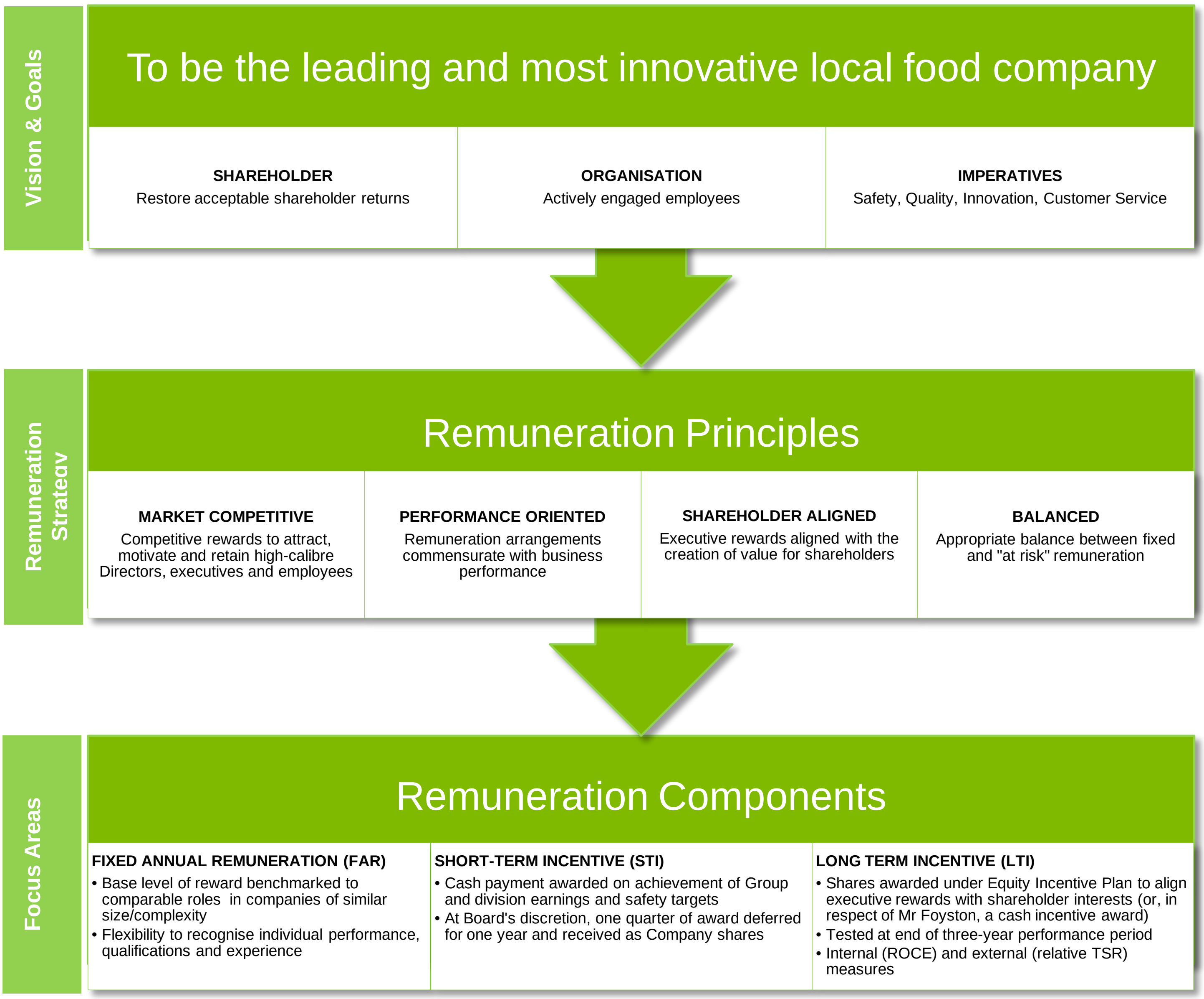
4. Executive Director and Executive Remuneration

Remuneration Strategy

The Committee and Board recognise that the Group's ability to achieve the objectives of its strategic plan and restore earnings performance is dependent upon the quality and commitment of its people. To prosper, the Group must:

- provide competitive rewards to attract, motivate and retain high calibre executives and employees;
- ensure alignment of executive remuneration with Group objectives, as established in the Group strategic plan;
- link executive rewards to the creation of value for shareholders; and
- ensure that there is an appropriate balance between fixed and 'at risk' remuneration for executives.

The diagram below illustrates how the remuneration principles that underpin the Group's remuneration policy (and the remuneration components utilised by the Group to satisfy those principles) support the execution of the Group's strategy.



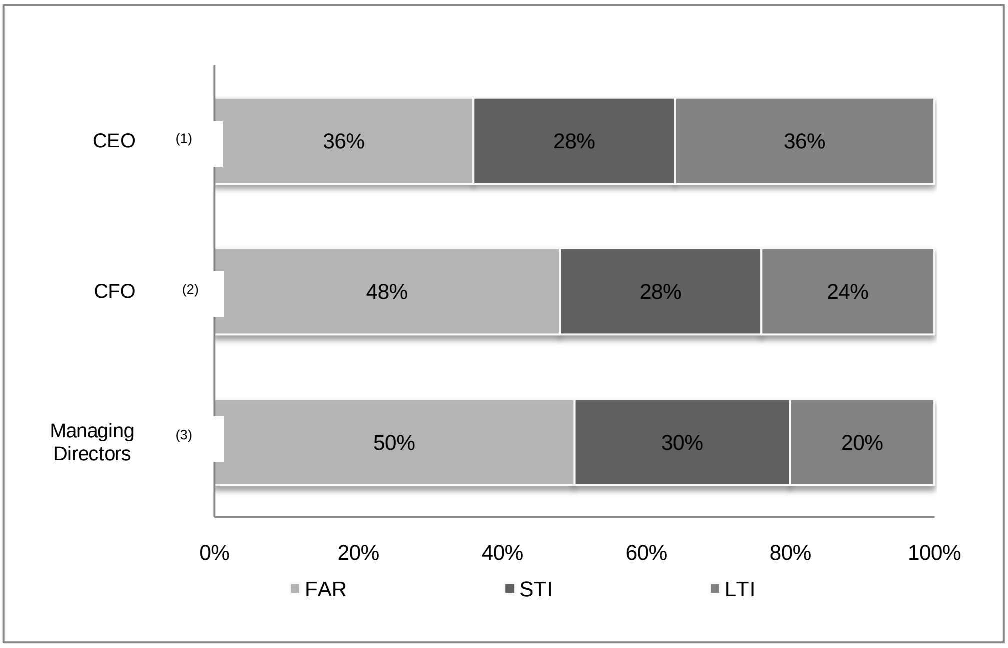
Objective and Structure

The Group aims to reward executive Directors and executives with a level and mix of remuneration having regard to their position and responsibilities within the Group. Executive remuneration consists of two elements – fixed remuneration and performance-linked (variable) remuneration (which in turn comprises "at risk" short-term and long-term incentive components). An executive's total remuneration opportunity is intended to provide a base level of reward, with additional incentive rewards under the Group's short-term and long-term incentive programs when performance targets agreed by the Board have been achieved or exceeded.

Element	Components	Key attributes
Fixed Remuneration +	Fixed Annual Remuneration ***(FAR)***	• base level of remuneration which is both appropriate to the position and is competitive in the market • targeted at market median using benchmarking data • flexibility to recognise individual performance, qualifications and experience, capability and value to the organisation • remunerates executives for completion of requirements and objectives of their roles
Performance-linked Remuneration	Short Term Incentive ***(STI)***	• designed to reward achievement of annual financial and non-financial objectives (measured at a Group or Category/Market level) and drive desired behaviours which are consistent with and provide a foundation for the Group's long term strategy • targeted at or above market median with potential to achieve top quartile for stretch performance against financial targets linked to annual budgets for Group and Categories/Markets • delivered in cash or, at the Board's discretion, cash and Company shares to further align executive rewards to longer-term shareholder interests
	Long Term Incentive ***(LTI)***	• designed to align longer-term executive and shareholder interests, provide a retention incentive and reward executives for achieving improvements in the main performance drivers of the business, which underpin sustainable growth in shareholder value over time • generally an annual grant of rights to be allocated shares in the Company, subject to achievement of relevant performance and service conditions • F2014 offer targeted between market median and 75th percentile
Total Remuneration Opportunity		• targeted between market median and 75th percentile for senior executive roles • structured to attract and retain executives, with incentive rewards intended to reflect Group performance and share price over an extended period

The mix of fixed and performance-based remuneration as a percentage of each senior executive's total remuneration opportunity at target performance (excluding one-time incentives and allowances detailed on pages 35 to 37) is set out in the table below:

Remuneration Mix at Target Performance (as a Percentage of Total Remuneration)



(1) Mr Delaney's total remuneration opportunity includes certain one-time incentives and allowances which are not reflected in the above table (refer to pages 35 to 37).

(2) Mr Gibson commenced employment with the Group as Chief Financial Officer on 1 April 2014. The above table represents Mr Gibson's total remuneration opportunity as if he had been employed by the Group as Chief Financial Officer for the full 2014 financial year, but excludes any sign-on/retention incentives paid or payable in respect of his employment (refer to page 36).

(3) The above table represents the total remuneration opportunity of Managing Directors, but excludes any sign-on incentives or special/compensatory allowances paid or payable to these senior executives (refer to page 37).

The above proportions are based upon each executive's total remuneration opportunity as approved by the Board for the year ended 30 June 2014 and do not necessarily reflect the actual remuneration received by that executive for the 2014 financial year. Payments to senior executives under the STI plan and vestings under the LTI plan may be adjusted at the discretion of the Board, provided there is no reduction in the accrued benefits or accrued entitlements of plan participants.

Fixed Annual Remuneration (FAR)

Fixed remuneration is determined by assessing an individual's competency level and experience against the position requirements relative to business unit/functional alignment and external market conditions, with flexibility to recognise individual performance and value to the organisation.

FAR	
What is included in FAR?	FAR includes cash salary, compulsory superannuation contributions, salary sacrifice items and certain other short-term or non-cash benefits (such as novated vehicle lease payments). Executives have the opportunity to receive a portion of their fixed remuneration in a variety of forms, including fringe benefits such as motor vehicles, or to make additional contributions to superannuation or retirement plans (as permitted by relevant legislation), to enable them to structure their remuneration in a manner which best suits their own circumstances without creating additional costs for the Group.

FAR	
How is FAR reviewed?	FAR is reviewed annually by the Committee at the end of the financial year, having regard to Group, business unit and individual performance and relevant comparative remuneration in the market, with recommendations made to the Board. Annual adjustments approved by the Board are effective 1 July. The Board may also approve adjustments to Group Executive remuneration as recommended by the CEO, such as on promotion or as a result of additional duties performed by the executive. Where new senior executives join the Group or existing executives are appointed to new roles, a review and benchmarking of fixed and total remuneration is conducted for each individual prior to the issue of an offer and execution of a new employment contract. Annual adjustments to the remuneration of executives and employees who are not members of the Group Executive are determined based upon guidelines approved by the CEO at the commencement of the financial year and advised to the Committee.
Which benchmarks are used?	Remuneration for key management personnel was benchmarked against both survey data and data from a remuneration peer group of ASX-listed companies.

EY provided advice and benchmarking data to the Committee in connection with the Committee's review of FAR for members of the Group Executive in June 2013. At the beginning of the 2014 financial year, adjustments to FAR of between 0% and 3.5% were approved for members of the Group Executive, including a 2% increase to the CEO's FAR for the year ended 30 June 2014. There will be no adjustment to the CEO's FAR for the 2015 financial year, while an average increase of less than 2% has been approved for other members of the Group Executive.

Short Term Incentive (STI)

In addition to FAR, senior executives have an opportunity to receive a short-term incentive award based on Market/Category and/or Group performance for the financial year. STI levels are generally set at or above market median for target performance, with rewards within the top quartile for stretch performance.

STI Plan	
What is the STI Plan?	Under the STI Plan, an "at risk" incentive is awarded annually, based upon the achievement of financial and non-financial performance measures. In general, of the total incentive opportunity, the first 50% is paid in cash, with the remainder split equally between cash and, at the Board's discretion, Company shares. Up to one quarter of an executive's total STI opportunitymay be deferred for a year and received as shares in the Company.
How and when are targets set?	Performance measures and the weightings applied to them are evaluated each year to ensure that appropriate performance criteria are being used to motivate and reward executives. The Board approves the plan structure and the targets to be met by the CEO and other senior executives under the STI plan. Financial and risk management targets are set at the commencement of each financial year. Individual business objectives are set following completion of each executive's performance plan for the financial year, and constitute individual performance goals for that year, including participation in major projects and initiatives aligned with the Market, Category and Group's business and strategic objectives.
What is the potential value of the STI opportunity?	Each executive's potential STI opportunity is determined as a percentage of FAR. A 'stretch' opportunity is available where financial performance exceeds the target approved by the Board. Target and maximum stretch opportunities under the FY2014 STI Plan for senior executive roles are set out below:

	Target Opportunity (as a % of FAR)	Stretch Opportunity (as a % of FAR)
CEO	75%	108.75%
CFO, Managing Directors	60%	87%

STI Plan	
What are the FY2014 performance measures?	The financial performance measures approved by the Board for the FY2014 STI Plan were: • Group net profit after tax ('**NPAT**') and • Market/Category earnings before interest and tax ('**EBIT**'). For incentive plan purposes, targets for both performance measures exclude significant items (eg. restructure costs, asset sales or write-downs or impairment charges) as determined by the Board. The risk performance measure selected for all executives was an agreed reduction in the Significant Injury Frequency Rate ('**SIFR**') of employees, with Market executives assessed on a Market safety target and Group and Category executives against a Group target. The weighting between different measures for KMP is set out below:

	Group Financial Performance	Group Risk Performance	Market Financial Performance	Market Risk Performance
Measure	Group NPAT	Group SIFR	Market EBIT	Market SIFR
CEO, CFO	90%	10%	N/A	N/A
Managing Directors	40%	N/A	50%	10%

The targets set at the beginning of the 2014 financial year for each financial measure required performance at or above 2013 Market/Category and Group results.

<u>Thresholds</u>: A 95% achievement threshold applied to the Group NPAT and Market/Category EBIT measures, although the Board retains discretion to make an incentive award under the plan where financial thresholds are not met. At threshold performance, a 25% incentive award may be paid. Between threshold and target NPAT and EBIT performance, incentive payments may be made to a maximum of 50% of each of the performance measures.

No financial performance threshold applied to the award of incentives for safety performance, as the Board determined that the achievement of ongoing improvements in safety should be rewarded irrespective of the financial performance of the Market or Group.

<u>Other performance measures</u>: Performance against other financial and non-financial measures (including achievement of individual performance objectives) is managed separately through the Group's performance assessment and management program. Executives must achieve at least a "satisfactory" performance rating in their year-end performance review in order for incentives under the STI Plan to be paid.

Why were the performance measures selected?	The performance measures for FY2014 are consistent with those approved by the Board in the prior year, to maintain management focus on the Company's immediate financial and risk management priorities under its strategic plan. Market/Category EBIT remains a key measure to motivate and reward Market and Category executives where the financial performance of the business they lead meets or exceeds challenging earnings targets. The performance measures are adjusted so that significant items (abnormal or unanticipated factors such as restructure costs, sales of businesses or impairment charges) that were not included in the annual budgets for the Market/Category and Group and that have impacted the Group's performance during the year, as determined by the Board, are excluded. **NPAT/EBIT**: Both measures were identified as key financial objectives for the success of the business in 2014 and the achievement of satisfactory returns for the Company's shareholders. As the businesses must deliver bottom-line growth in order to achieve sustainable increases in Group earnings that are consistent with shareholder expectations, Market/Category EBIT and Group NPAT continue to be considered appropriate financial performance criteria for the STI plan. **SIFR**: The safety of its people is one of the Group's core values and achievement of ongoing improvements in safety remains a key focus of the Board and management. Consistent with this priority, a reduction in injuries (measured through Group and Market SIFR targets) was the only non-financial performance measure selected for the FY2014 STI plan.

STI Plan	
How is performance measured?	Achievement of financial targets is confirmed following completion of the financial year, once the Group's annual accounts have been approved by the Directors and audited. Risk management performance is confirmed through an internal assessment of achievement against performance targets at the end of the financial year. Once it has been determined whether, and the extent to which, the performance targets set at the beginning of the financial year have been met, the Human Resources and Remuneration Committee will make a recommendation to the Board for approval of the STI awards to be paid to the CEO and members of the Group Executive.
When are incentives paid?	Cash: Cash incentive entitlements approved by the Board are paid in the month following the release of the Group's full-year results to the ASX/NZX. Shares: The Board has discretion to pay up to one quarter of a STI award by way of Company shares. Allocation of any deferred share component of a STI award would occur during the trading window following the release of the Company's full year results, provided executives remain employed by the Group at the time of allocation. All shares to satisfy entitlements would be purchased on-market.
Does a 'clawback' apply?	Where a portion of the STI award is deferred and paid in shares in the Company, the rights or interests in those shares allocated may be forfeited, at the Board's discretion, if the Group's financial statements in respect of a financial year are found to be materially misleading. The provision applies only to those executives who were members of the Group Executive at the time the financial statements were approved by the Board and issued by the Company.

Long Term Incentive (LTI) – Share-based Payments

The CEO and nominated executives may be invited to receive shares in the Company over rolling three-year periods pursuant to the Equity Incentive Plan (formerly the Performance Share Plan) approved by shareholders at the Company's 2007 Annual General Meeting. Entitlement to shares under the plan is subject to the Group meeting key performance criteria determined by the Board for the relevant three-year performance period.

LTI Plan	
What is the LTI Plan?	Under the Group's Equity Incentive Plan (EIP), rights to acquire shares in the Company may be offered annually to the CEO and nominated executives. The participants in the plan include executives who are considered to play a leading role in achieving the Group's long-term strategic and operational objectives. The EIP is a retention incentive that is intended to promote alignment between executive and shareholder interests over the longer term. Each right offered is an entitlement to one fully paid ordinary share in the Company on terms and conditions determined by the Board, including vesting conditions linked to both service (through a three-year performance period for each offer) and performance. The rights have no dividend or voting entitlement. Shares allocated on vesting have the same rights as other ordinary shares. Participants are not required to pay for rights at grant or vesting, or for shares allocated to them on vesting of the rights. If the relevant service and performance criteria are met, the incentive is awarded in Goodman Fielder shares which have been purchased on-market.
How and when are targets set?	Each year, performance targets are set for the subsequent three-year period, with the objective of ensuring that the payment of incentives reflects a corresponding increase in shareholder value. Achievement against the performance targets is reviewed at least twice yearly over the performance period, in conjunction with the preparation of the Group's half-year and annual financial reports. Once set, performance targets are not re-set by the Board. The performance conditions applicable to offers under the EIP are evaluated each year prior to a grant to ensure that appropriate performance criteria are being used to motivate executives in light of changing long-term Group and stakeholder objectives. The Board approves the structure of each offer under the EIP and the targets to be met by participants.

LTI Plan

What is the potential value of the opportunity under the EIP?

Each executive's potential opportunity under the EIP is determined as a percentage of FAR. A 'stretch' opportunity is available where performance exceeds the targets approved by the Board. Target and stretch opportunities under the F2014 EIP for senior executive roles are set out below:

	Target Opportunity (as a % of FAR)	Stretch Opportunity (as a % of FAR)
CEO	100%	150%
CFO	50%	62.5%
Managing Directors	40%	50%

The number of shares to which senior executives are entitled under the EIP if performance targets are achieved is determined as follows:

Relevant % x $FAR	÷	VWAP of the Company's shares(1) during the last ten trading days of the financial year prior to commencement of the performance period(2)	=	**Number of Shares**

(1) the average of the daily volume weighted average sale price of shares in the Company traded on the ASX.

(2) for the F2012 and F2013 offers, the number of shares was determined using the closing share price on the last trading day in June prior to commencement of the performance period

What are the relevant performance measures?

The financial performance measures approved by the Board for current offers under the EIP are:

- Return on capital employed ('**ROCE**') and
- Relative total shareholder return ('**TSR**').

ROCE is determined at the end of the performance period by dividing the Group's normalised earnings before interest and tax (EBIT) by the difference between total assets and total liabilities (excluding cash, borrowings and tax-related assets and liabilities). Normalised EBIT excludes significant items such as asset sales, restructure costs and impairment charges, as determined by the Board.

TSR is the combined return from changes in the market value of a share and dividends paid to shareholders (expressed as a percentage of the opening value) and **relative TSR** is the ranking of the compound growth in the Company's TSR over the performance period against the TSR of comparison companies.

For all executives, including the CEO, the ROCE and TSR measures are equally weighted.

The following performance targets apply to the ROCE and TSR components of the EIP offers:

F2012 Offer – Performance Period: 1 July 2011 to 30 June 2014(1)				
ROCE	12%	13%	14%	15%
Incentive entitlement	50%	75%	100%	125%(2)
F2013 Offer – Performance Period: 1 July 2012 to 30 June 2015				
ROCE	12%	13%	14%	15%
Incentive entitlement	50%	75%	100%	150% (CEO)(2) 125%(2)
F2014 Offer – Performance Period: 1 July 2013 to 30 June 2016				
ROCE	11.4%	12.4%	13.4%	14.4%
Incentive entitlement	50%	75%	100%	150% (CEO)(2) 125%(2)

(1) A ROCE performance target did not apply to Mr Delaney's F2012 Offer.
(2) Executives are entitled to a 'stretch' incentive for achievement of the relevant performance criterion.

LTI Plan

F2012 – F2014 Offers: Goodman Fielder TSR performance measured against comparator group	Percentage of TSR Component Earned *CEO*	Percentage of TSR Component Earned *Other Senior Executives*
Less than 50th percentile	Nil	Nil
Equal to 50th percentile	50%	50%
Between 50th and 65th percentile	Straight-line vesting between 50% and 100%(1)	Straight-line vesting between 50% and 100%(1)
Between 65th and 75th percentile	Straight-line vesting between 100% and 150%	Straight-line vesting between 100% and 125%
Greater than 75th percentile	150%	125%

(1) For the F2012 offer, straight line vesting did not apply to relative TSR performance between the 50th and 65th percentile and only 50% of the TSR component would be earned for performance below the 65th percentile.

Approval by the Board of the EIP performance targets set out above does not represent an earnings forecast or disclosure of targets under the Company's strategic plan.

Why were the performance measures selected?

ROCE was selected as it is considered to be an effective measure for determining the underlying profitability of the business and the effective deployment of assets.

Relative TSR (a market-based performance measure) was selected to ensure an alignment between comparative shareholder return and reward for executives, and to provide a direct comparison of the Company's performance over the three-year performance period against a comparator group of companies that would, broadly, be expected to be similarly impacted by changes in market conditions.

How is performance measured?

ROCE: Performance is confirmed through an internal assessment of achievement against performance targets at the end of the three year performance period, once the Group's annual financial statements have been approved by the Directors and audited.

Relative TSR: At the end of the performance period, Goodman Fielder's TSR performance is measured against the performance of a comparator group of companies. The Board has discretion to adjust the comparator group to take into account events such as company restructures or takeovers which may affect the comparability of those companies. The comparator group for the F2012 and F2013 offers comprised the following companies within the consumer staples, consumer discretionary, healthcare, IT and telecommunications sectors which had assets, revenues and net income broadly comparable to the Company:

Billabong International Limited, Coca-Cola Amatil Limited, Computershare Limited, CSL Limited, Crown Limited, David Jones Limited, Fairfax Media Limited, Flight Centre Limited, GrainCorp Limited, Harvey Norman Holdings Limited, JB Hi-Fi Limited, Myer Holdings Limited, Pacific Brands Limited, Ramsay Health Care Limited, Sigma Pharmaceuticals Limited, Sonic Healthcare Limited, Tabcorp Holdings Limited and *Tatts Group Limited* (1).

(1) Foster's Group Limited and Telecom Corporation of New Zealand Limited were included in the comparator group for the F2012 offer but excluded from the comparator group for the F2013 offer following either acquisition by another entity or a restructure/demerger of the company into two separate entities

Following discussions with investors, proxy advisors and EY, in February 2013 the Board approved a change in comparator group for the F2014 offer. The comparator group for the F2014 offer comprised S&P/ASX200 market constituents, excluding companies within the Global Industry Classification Standard (GICS) Financials sector and Metals and Mining industry.

In assessing the Company's relative TSR performance, independent data is obtained which details the TSR growth of the Company and each company in the comparator group over the performance period.

LTI Plan	
	Once it has been determined whether, and the extent to which, the performance targets set at the beginning of the performance period have been met, the Committee will make a recommendation to the Board for approval of the LTI awards to be paid to EIP participants. In general, in order for shares to be allocated under the EIP, at least one of the performance targets must be met to a minimum level.The Board retains discretion to award incentives under the EIP, having consideration to performance and other relevant factors, even though one or all criteria are not achieved. The Board has not previously exercised this discretion.
When are incentives paid?	Entitlement to shares under the EIP is also subject to senior executives remaining employed by the Group at the date the shares are allocated, which will occur following release of the Group's full year results after completion of the relevant three-year performance period.
Does a 'clawback' apply?	The F2013 and F2014 offers include provisions for unvested rights to lapse and rights or interests in shares allocated or to be allocated under the EIP to be forfeited, at the Board's discretion, if the Group's financial statements in respect of a financial year are found to be materially misleading. The provision applies only to those executives who were members of the Group Executive at the time the financial statements were approved by the Board and issued by the Company.
What happens on a change of control?	The EIP Rules provide that if a "Change of Control Event" occurs, the Board may, in its absolute discretion, having regard to all matters which the Board considers relevant, determine the treatment to apply in respect of any of the conditions or restrictions applicable to the rights to shares in the Company under the EIP. A "Change of Control Event" is defined in the EIP Rules to include the acquisition of more than 50% of the Company's issued ordinary shares and also any other transaction, event or state of affairs that the Board reasonably expects will result in a change of control of the Company. On 2 July 2014 the Company announced that it had entered into a Scheme Implementation Deed ("Implementation Deed") with Wilmar International Limited ("Wilmar") and First Pacific Company Limited ("First Pacific") under which Wilmar and First Pacific will acquire all the remaining issued shares in the Company that they and their related entities do not already own by way of a scheme of arrangement ("Scheme"). The implementation of the Scheme is subject to a number of conditions.The Implementation Deed provides for the Company, Wilmar and First Pacific to work together to develop a replacement incentive plan satisfactory to all parties (which would take effect from the implementation date of the Scheme ("Implementation Date")). If a replacement plan is developed, subject to any action otherwise agreed in writing between the parties, the Board will take all reasonable steps to cause any unvested entitlements under the EIP that remain on foot on the effective date of the Scheme ("Effective Date") to be forfeited and replaced with equivalent new awards under the replacement incentive plan. If the Scheme is implemented and a replacement plan satisfactory to all the parties has not been developed before the record date of the Scheme ("Record Date"), the Board must take all steps, in accordance with the EIP Rules (and subject to any action otherwise agreed in writing between the parties), to cause a pro-rata amount(1) of any unvested entitlements granted under the EIP to vest and be delivered in the form of shares in the Company between the Effective Date and the Record Date and to ensure that the remaining unvested incentives under the EIP lapse or are otherwise forfeited or extinguished on or before the Implementation Date. (1) Calculated on a time basis, from the commencement of the relevant three-year performance period to the Scheme record date

Summary of Executive Entitlements under EIP Offers

Details of entitlements to acquire shares in the Company under the EIP that were granted to Group Executives who are key management personnel are as follows:

Executive Share Entitlements under ROCE and TSR Components of EIP	Entitlement to ordinary shares under EIP - number of shares[1]	Effective grant date[2]	Performance period ends	% of total opportunity		Expense/(credit) recognised at 30 June 2014 $[3][4]	Financial year in which shares will be allocated
				% Earned in year	% Forfeited in year		
ROCE Component – Current KMP – Executive Directors and Executives							
C R Delaney	976,660	10 December 2013	30 June 2016	-	-	-	2016/17
	1,252,727	7 December 2012	30 June 2015	-	-	-	2015/16
P A Gibson[5]	[5]	[5]	30 June 2016	-	-	-	2016/17
P R Reidie	224,030	10 December 2013	30 June 2016	-	-	-	2016/17
	263,971	7 December 2012	30 June 2015	-	-	-	2015/16
	67,751	13 December 2011	30 June 2014	-	100%	-	2014/15
TSR Component – Current KMP - Executive Directors and Executives							
C R Delaney	976,660	10 December 2013	30 June 2016	-	-	117,199	2016/17
	1,252,728	7 December 2012	30 June 2015	-	-	217,139	2015/16
	1,250,000	13 December 2011	30 June 2014	-	100%	62,500	2014/15
P A Gibson[5]	[5]	[5]	30 June 2016			7,398	2016/17
P R Reidie	224,030	10 December 2013	30 June 2016	-	-	26,884	2016/17
	263,971	7 December 2012	30 June 2015	-	-	45,755	2015/16
	67,751	13 December 2011	30 June 2014	-	100%	3,388	2014/15
Former KMP – Executives							
S M Gannon[6]	363,636 (ROCE)	7 December 2012	30 June 2015	-	100%	-	2015/16
	188,679 (ROCE)	22 August 2012[5]	30 June 2014	-	100%	-	2014/15
	363,637 (TSR)	7 December 2012	30 June 2015	-	100%	(63,030)	2015/16
	188,679(TSR)	22 August 2012[5]	30 June 2014	-	100%	(13,365)	2014/15
A R Hipperson[6]	209,725 (ROCE)	10 December 2013	30 June 2016	-	100%	-	2016/17
	269,091 (ROCE)	7 December 2012	30 June 2015	-	100%	-	2015/16
	62,854 (ROCE)	13 December 2011	30 June 2014	-	100%	-	2014/15
	209,725 (TSR)	10 December 2013	30 June 2016	-	100%	-	2016/17
	269,091 (TSR)	7 December 2012	30 June 2015	-	100%	(46,642)	2015/16
	62,854 (TSR)	13 December 2011	30 June 2014	-	100%	(4,889)	2014/15

(1) Represents the maximum number of shares to which executives will be entitled if the performance and service conditions are satisfied, but does not include additional shares on achievement of 'stretch' targets.

(2) The closing price of the Company's ordinary shares on the ASX was $0.52 at 13 December 2011, $0.665 at 7 December 2012 and $0.63 at 10 December 2013.

(3) In general, the performance criteria must be achieved before any shares are allocated under the EIP, as outlined above. Therefore the minimum potential value of the entitlements under the EIP is nil. The maximum value of the entitlements under the EIP is the individual's entitlement at stretch performance (being the entitlement multiplied by 125% for executives other than the CEO and by 150% for the CEO) multiplied by the estimated fair value of the award at the effective grant date. The estimated fair value of the 2012, 2013 and 2014 share entitlements for executives which related to the achievement of the ROCE performance criteria was $0.52 per share, $0.665 per share and $0.63 per share, respectively. The closing share price for the Company's ordinary shares on the ASX at 29 June 2012, 28 June 2013 and 30 June 2014 was $0.55 per share, $0.735 per share and $0.68 per share, respectively. The price proposed to be paid by Wilmar and First Pacific to acquire all of the shares in the Company under the Scheme is $0.675 per share.

(4) The estimated fair values of the F2012, F2013 and F2014 share entitlements which related to the achievement of the relative TSR performance criterion under the EIP were $0.15 per share, $0.52 per share and $0.36 per share, respectively. The estimated fair values were determined using a Monte Carlo simulation pricing model which takes into account performance hurdles and the probability of achieving the performance target. The assumptions included in the valuation of the F2012, F2013 and F2014 offers include risk free rates of 3.06%, 2.60% and 3.08%, dividend yields of 9.62%, 3.01% and 5.29%, and volatility in the share price of 45%, 50% and 35%, respectively. Accounting standards require that the estimated fair value be recognised over the three-year performance period relating to the award and one-third of the total value for each of the F2012, F2013 and F2014 offers has been recognised in the current financial year, even though executives will not be entitled to be allocated these shares unless the TSR performance criterion has been met at the end of the three year performance period.

(5) Mr Gibson commenced employment with the Group on 1 April 2014. His employment contract provides for him to be granted rights to acquire shares in the Company under the F2014 EIP offer on a pro-rata basis. As grants under the EIP are generally made during a trading window and Mr Gibson commenced employment with the Group after the last trading window of the 2014 financial year, a letter of offer under the EIP in respect of entitlements to 369,894 ordinary shares will be issued to Mr Gibson during the Company's next trading window, which will commence on 14 August 2014. For the purposes of determining the amounts to be expensed during the 2014 financial year in respect of Mr Gibson's entitlement to shares, the estimated fair values used are consistent with those used in respect of the entitlements of other executives under the F2014 EIP offer.

(6) As Mr Gannon and Mr Hipperson ceased employment with the Group on 29 November 2013 and 18 January 2014, respectively, all of their entitlements to shares under the EIP were forfeited at that time. Accordingly, amounts expensed in prior years in relation to their entitlements under the EIP have been reversed in accordance with accounting standards.

Executive Entitlements under other Long-term Incentive arrangements

Mr Foyston, who is based in China, is entitled to a long-term incentive which is payable in cash, rather than Company shares, due to regulatory requirements associated with operating a share-based incentive plan for a small number of employees in China. Mr Foyston's incentive arrangements are intended to be largely consistent with the offers made to other executives under the EIP, with the exception that the amount of any award is paid in cash following release of the Group's full year results after completion of the relevant three-year performance period. A notional number of shares is determined for his long-term incentive offer, on the same basis as other Managing Directors, with the same performance measures and targets to apply. If an award is made at the end of the performance period, the cash payment made to Mr Foyston will be equivalent to the then-current market value of the notional number of shares under the offer.

Mr Foyston's entitlements under his long-term incentive arrangements are set out below:

Entitlements under Long-term incentive arrangements	Notional number of shares(1)	Effective grant date(2)	Performance period ends	% of total opportunity		Expense recognised at 30 June 2014 $(3)(4)	Financial year in which incentive will be paid
				% Earned in year	% Forfeited in year		
Notional ROCE component	156,640	10 December 2013	30 June 2016	-	-	-	2016/17
Notional TSR component	156,640	10 December 2013	30 June 2016	-	-	35,244	2016/17
Notional ROCE component	200,000	7 December 2012	30 June 2015	-	-	-	2015/16
Notional TSR component	200,000	7 December 2012	30 June 2015	-	-	43,000	2015/16

(1) Represents the maximum notional number of shares on which Mr Foyston's incentive will be calculated if the performance and service conditions are satisfied, but does not include additional entitlements on achievement of 'stretch' targets.

(2) The closing price of the Company's ordinary shares on the ASX was $0.665 at 7 December 2012 and $0.63 at 10 December 2013.

(3) In general, the performance criteria must be achieved before any cash incentive is paid to Mr Foyston. Therefore the minimum potential value of his entitlements is nil and the maximum value is his entitlement at stretch performance (being the entitlement multiplied by 125%) multiplied by the estimated fair value of the award at the end of the performance period. The estimated fair value at grant date of Mr Foyston's F2013 and F2014 entitlements which relate to the achievement of the ROCE performance criterion was $0.665 and $0.63 per his notional number of shares, respectively. The closing share price for the Company's ordinary shares on the ASX at 30 June 2014 was $0.68 per share, and the price proposed to be paid by Wilmar and First Pacific to acquire all of the shares in the Company under the Scheme is $0.675 per share, which has been utilised to determine the fair value at balance date.

(4) The estimated fair value at grant date of Mr Foyston's entitlements which related to the achievement of the relative TSR performance criterion was $0.52 per his notional number of shares. The estimated fair value is being recognised over the three-year performance period relating to the award and one-third of the total value for the F2013 and F2014 offers (utilising the price of $0.675 per share proposed to be paid by Wilmar and First Pacific to acquire all of the shares in the Company under the Scheme) has been recognised in the current financial year. Mr Foyston will not be entitled to a cash payment unless the TSR performance criterion has been met at the end of the three year performance period.

Other Payments or Benefits

Executive Share-Based Entitlements under Sign-on/Retention Incentives

As disclosed in the Company's 2013 Remuneration Report, Mr Delaney and Mr Gannon were both granted sign-on incentives in the form of rights to shares in the Company in connection with their employment with the Group. Each performance right represents an entitlement to one fully paid ordinary share in the Company, subject to specified service and performance conditions.

Mr Delaney

As approved by shareholders at the Company's 2011 Annual General Meeting, Mr Delaney was granted:

a) 500,000 performance rights to vest three years after the commencement of Mr Delaney's employment, subject to his continued employment with the Group at the end of the three-year period; and

b) 500,000 performance rights to vest three years after the commencement of his employment, subject to the Company achieving a compound annual earnings per share (EPS) growth rate of at least 10% over the three-year period.

If Mr Delaney's employment had ceased prior to the end of the three year period, the performance rights subject to the continued employment condition would have been forfeited but the rights subject to the EPS performance condition would have vested on a pro-rata basis for the period that had been completed, provided the EPS target had been met over that reduced period. Subsequent to year end, on 4 July 2014, 500,000 performance rights that were subject to a continued employment condition vested and Mr Delaney was allocated 500,000 shares in the Company. The remaining 500,000 performance rights lapsed on 4 July 2014 as the Company did not achieve the required EPS growth rate over the three-year period.

<u>Mr Gannon</u>

Mr Gannon was granted rights to 300,000 shares in the Company, which would have vested on 1 December 2014, subject to his continued employment with the Group at the end of that period. Mr Gannon ceased employment with the Group on 29 November 2013 and all of the rights relating to his sign-on incentive were forfeited at that time.

<u>Mr Gibson</u>

Mr Gibson commenced employment with the Group on 1 April 2014. Mr Gibson's employment contract provides for him to be offered a one-time grant of rights to 300,000 shares in the Company, which will vest on 31 March 2017, subject to his continued employment with the Group at the end of that period. The share-based incentive and cash sign on-incentive set out below were considered reasonable to secure the services of Mr Gibson, an experienced senior finance executive with extensive listed company and international FMCG experience.

A summary of the entitlements to acquire shares in the Company under sign-on/retention incentives granted to Messrs Delaney, Gannon and Gibson is set out below:

Executive Share Entitlements under Sign-on/Retention Incentives	Entitlement to ordinary shares under sign-on / retention incentive - number of shares(1)	Effective grant date(2)	Performance period ends	% of total opportunity		Expense/ (credit) recognised at 30 June 2014 $(3)	Financial year in which shares will be allocated
				% Earned in year	% Forfeited in year		
C R Delaney							
Service condition	500,000	13 December 2011	3 July 2014	-	-	86,667	2014/15
EPS growth condition	500,000	13 December 2011	3 July 2014	-	-	(173,334)	2014/15
S M Gannon							
Service condition	300,000	22 August 2012	30 November 2014	-	100%	(81,917)	2014/15
P A Gibson							
Service condition(4)	(4)	(4)	31 March 2017	-	-	16,829	2017/18

(1) Represents the maximum number of shares to which the executive will be entitled if the relevant conditions are fully satisfied.

(2) The closing price of the Company's ordinary shares on the ASX was $0.52 at 13 December 2011 and $0.545 at 22 August 2012.

(3) In general, the relevant performance or service criterion must be achieved before any shares are allocated under each executive's sign-on incentive, as outlined above. Therefore the minimum potential value of the entitlements under the sign-on incentive is nil. The maximum value of the entitlements under each executive's sign-on incentive has been based on the estimated fair value of the award at the effective grant date. The estimated fair value of the performance rights of Mr Delaney is $0.52 per share. The closing share price for the Company's ordinary shares on the ASX at 30 June 2014 was $0.68 per share and the price proposed to be paid by Wilmar and First Pacific to acquire all of the shares in the Company under the Scheme is $0.675 per share.

(4) As incentive grants are generally made during a trading window and Mr Gibson commenced employment with the Group after the last trading window of the 2014 financial year, a letter of offer in respect of entitlements to 300,000 shares will be issued to Mr Gibson during the Company's next trading window, which will commence on 14 August 2014. For the purposes of determining the amount to be expensed during the 2014 financial year in respect of Mr Gibson's entitlement to shares, the estimated fair value used is $0.675 per share.

Other Sign-on Incentives

Mr Gibson's contract also provided for him to be paid a sign-on incentive of $300,000, payable in cash in three equal amounts of $100,000 following his commencement as Chief Financial Officer of the Group. The first payment was made in April 2014 and subsequent payments will be made on the first and second anniversary of the commencement of his employment.

Expatriate Allowances

On commencement of his employment with the Group in 2011, Mr Delaney was eligible for concessional tax treatment in relation to a portion of his FAR that was considered a "Living Away From Home" (LAFH) allowance. As a result of a change in taxation laws, effective 1 October 2012 concessional tax treatment no longer applied to Mr Delaney's remuneration. Following advice from Mercer in 2012 regarding alternative approaches to address the impact of the lost tax benefit on expatriate employees, the Board approved the payment of a fixed expatriate allowance of $295,263 per annum to Mr Delaney for the duration of his current employment contract. The Board considered the expatriate allowance reasonable to avoid a reduction in Mr Delaney's after-tax remuneration as a result of changes in taxation of LAFH allowances. For the 2014 financial year, Mr Delaney received a total expatriate allowance of $295,263. The expatriate allowance is excluded from FAR in determining Mr Delaney's STI and LTI opportunities.

Under the terms of Mr Foyston's employment contract, for the first twelve months of his employment with the Group (which commenced 3 September 2012), he was entitled to a reimbursement of reasonable housing and schooling costs in China. As Mr Foyston's employment arrangements with his previous employer covered the payment of his living costs in China, the Board considered the payment of housing and schooling costs for a 12-month period to be reasonable to secure an executive of Mr Foyston's calibre. For the year ended 30 June 2014, the Group paid RMB 169,519 (approximately $30,851) (2013: RMB 955,528 (approximately $150,330)) in respect of housing and schooling costs for Mr Foyston and his family.

Other Benefits

As disclosed in the 2013 Remuneration Report, Mr Delaney is entitled to health care insurance coverage for himself and his family and taxation advisory services for the preparation of tax returns while employed by the Group. Mr Delaney's visa requires the Group to cover the costs of relocating him and his family to the United States on cessation of his employment, unless he is sponsored by another employer or is issued a different class of visa.

Mr Foyston is entitled to health care insurance coverage for himself and his family for the two-year term of his contract.

Other than above or in circumstances where an executive has elected to receive his or her remuneration by way of benefits instead of cash, no discretionary payments or benefits were given to senior executives during the financial year ended 30 June 2014.

Termination Benefits

Mr Hipperson's annual leave and long-service leave entitlements were paid to his estate following his accident and an amount equal to his monthly FAR continued to be paid for two months subsequent to the accident. These payments have been recorded as termination benefits for the year ended 30 June 2014.

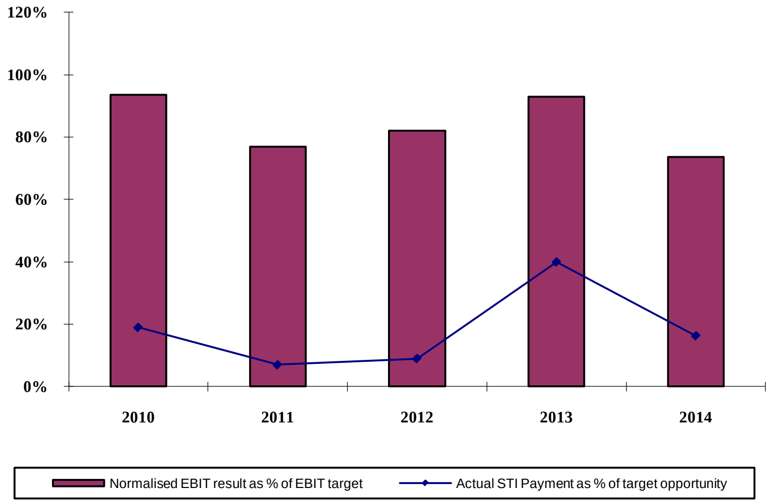
5. Group Performance

A significant proportion of the total remuneration opportunity of the CEO and other senior executives is 'at risk' remuneration and is aligned to Group performance. In considering the Group's performance and benefits for shareholder value in implementing and maintaining incentive reward programs, the Committee has regard to a number of indicators of Group performance, including the Group's earnings (NPAT), return on capital employed (ROCE) and relative TSR performance, as well as improvements in the Group's significant injury frequency rate.

The Committee considers that a performance-linked remuneration structure will ensure the rewards paid to senior executives are aligned with the interests of the Group and shareholders, and will assist the Group to achieve its financial and operational targets.

Relationship between Remuneration Policy and Group Performance

The following graph illustrates the link between earnings performance and remuneration policy:



Notes:

- The normalised EBIT result for the financial year ended 30 June 2010 excludes the impact of a net $5.8 million loss on transactions for the sale of assets/businesses and $8.6 million in restructuring costs.
- The normalised EBIT result for the financial year ended 30 June 2011 excludes the impact of a $300 million non-cash impairment charge and $2.8 million in restructuring costs.
- The normalised EBIT result for the financial year ended 30 June 2012 excludes the impact of $187.8 million in non-cash impairment charges, $16.8 million in non-cash asset write-downs, $58.6 million in restructuring and redundancy costs and $4.0 million in non-operational realised foreign exchange losses.
- The normalised EBIT result for the financial year ended 30 June 2013 excludes the impact of asset sales of $13.7 million, net insurance proceeds of $16.8 million and restructuring costs of $17.4 million. Total STI payments for the Group for the 2013 financial year reflect the payment of partial incentives (up to 20% of their target incentive opportunity) to employees below the Group Executive level for achievement of individual performance goals for the year.
- The normalised EBIT result for the financial year ended 30 June 2014 excludes the impact of $358.2 million in non-cash impairment charges, $96.5 million in net losses relating to the sale of businesses and assets, a $0.1 million realised exchange loss and $38.2 million in restructuring costs. Total STI payments for the Group for the 2014 financial year reflect the payment of incentives for safety performance where targets were achieved (up to 10% of the target incentive opportunity), the payment of partial incentives to employees below the Group Executive level for achievement of individual performance goals for the year (up to 5% of their target incentive opportunity) and the payment of awards to in-country executives of certain of the Asia Pacific businesses for financial performance which met or exceeded the EBIT targets set.

Payment of 2014 Short Term Incentives and Vesting of 2014 Long Term Incentives

The Group's Australian and New Zealand businesses continued to face challenging trading conditions during the 2014 financial year, with financial performance further impacted by high commodity costs for both milk and A$ wheat, manufacturing reliability issues affecting some of the major Australian bakery sites, and ranging issues and increased competition affecting the Australian spreads business. Normalised NPAT of $63.1 million was below the target set by the Board at the beginning of the 2014 financial year and none of the Markets achieved the EBIT performance targets set. The financial performance of the Group's Asia Pacific business improved significantly over the prior year but was adversely affected by foreign exchange rate movements in the Papua New Guinea kina relative to the Australian dollar.

Although the Group's financial performance did not meet the performance targets set, the Group and each of the markets achieved a significant improvement in safety performance compared with the prior year. The Group's significant injury frequency rate per million hours worked (SIFR) declined from 17.5 to 10.2, substantially below the SIFR target set for the 2014 financial year, and similar SIFR reductions were achieved by each of the markets.

As Group NPAT and Market EBIT targets were not achieved, payments to key management personnel for the 2014 financial year under the STI plan reflect only the achievement of safety targets (which are not linked to Group financial performance) for the Group and each of the Markets. Awards for safety performance constitute up to 10% of each executive's total short-term incentive opportunity.

2014 Short Term Incentives

Short-term incentives paid or payable to executives who are key management personnel in respect of the 2014 financial year are set out below and in the table on page 43. As the award amounts do not exceed 50% of each executive's total short-term incentive opportunity, payments will be made in cash, with no deferred share component.

Details of the vesting profile of short-term cash incentives awarded to the senior executives of the Group are as follows:

	2014 Short Term Incentive		
Executive Directors	**Included in remuneration[1] ($)**	**% of total target opportunity[2]**	
		% earned in year	**% forfeited in year**
C R Delaney	52,725	5%	95%
Current KMP – Executives			
P D Foyston	16,913	5%	95%
P A Gibson	10,650	10%	90%
P R Reidie	52,454	10%	90%
Former KMP – Executives[3]			
A R Hipperson	-	-%	-%
S M Gannon	-	-%	-%
N A Kearney	-	-%	-%

(1) A minimum level of performance must have been achieved before any STI is paid. Therefore, the minimum potential value of the STI which was granted in respect of the year was nil. The maximum value of the grants under the STI is the actual amount of STI paid, as set out above.

(2) 'Stretch' incentive opportunities, where applicable, are not included in the total target opportunity for the purposes of determination of percentages earned/forfeited in the year.

(3) Messrs Hipperson, Gannon and Kearney ceased employment with the Group during the financial year and therefore were not entitled to incentives under the 2014 short term incentive plan.

No amounts vest in future financial years in respect of the short term incentive scheme for the 2014 financial year.

2014 Long Term Incentives

No shares were awarded to executives under the F2012 Equity Incentive Plan offer as the Group did not achieve its ROCE and EPS performance targets at 30 June 2014, the end of the three-year performance period.

Five Year Performance Summary

The Group's financial performance is affected by a number of significant external economic factors, including commodity and fuel prices and exchange rates, as well as factors which influence consumer spending, including interest and inflation rates.

Over the past five-year period the Group has experienced challenging market conditions, characterised by commodity cost volatility, increased competition from private label products, and a general decline in consumer confidence and demand. The Group commenced a medium to longer-term transformation strategy in the 2012 financial year and has taken steps over the past two financial years to divest non-core businesses and brands, focus direct marketing and capital expenditure on key categories, improve the efficiency and reliability of its sites and build its innovation and product development pipeline. While considerable progress has been made towards achievement of a number of the Group's strategic objectives, the Group's 2014 financial results were significantly below the targets set and initiatives have been undertaken to address the financial and operational challenges which continue to face the Group.

In determining the remuneration structure and at-risk remuneration of senior executives, the Board has remained mindful of the impact of external economic factors on business performance and of ensuring appropriate measures are in place to retain and incentivise the Group's senior leadership team to deliver the Group's transformation strategy. The Board is also focused on ensuring that a meaningful link is maintained between executive rewards and shareholder interests, through setting challenging performance targets for both financial performance and the achievement of key Group objectives, such as ongoing improvements in employee safety. STI payments during the past five-year period reflect the importance placed on alignment of incentive rewards with the creation of value for shareholders, with payments largely limited to the achievement of safety measures or individual performance objectives and payments to divisional executives who have achieved divisional financial performance targets. No shares have been awarded to executives under the Equity Incentive Plan to-date as EPS, ROCE and TSR targets have not been met.

The table below summarises details of the Company's earnings, dividends paid and changes in share price of the Company's shares over the past five year period, as well as its performance in relation to other key measures relevant to the Company's incentive plans. Reported NPAT and Reported EBIT for the financial year ended 30 June 2014 reflect the impact (on a pre-tax basis) of $358.2 million in non-cash impairment charges, $96.5 million in net losses relating to the sale of businesses and assets, a realised exchange loss of $0.1 million and $38.2 million in restructuring and redundancy costs.

Financial Year Ended 30 June	2010	2011	2012	2013	2014
Reported NPAT ($m)	161.1	(166.7)	(146.9)	102.5	(405.1)
Reported EBIT ($m)	324.0	(13.4)	(34.1)	213.3	(342.3)
Safety (SIFR) (per million hours worked)	26.2	19.8	21.1	17.5	10.2
Dividends per share (incl. final dividend) (cents)	10.75	7.75	Nil	3.0	2.0
Earnings per share (cents) [1]	10.9	(11.2)	(8.3)	5.3	(20.7)
ROCE (%) (normalised)[2]	13.3%	13.5%	11.6%	10.3%	9.7%
Closing share price on ASX (A$ at 30 June)	1.345	1.06	0.55	0.735	0.68
STI Payment as % of Target Opportunity (%)	19%	7%	9%	40%	16%
LTI Payment as % of Target Opportunity (%)	0	0	0	0	0

(1) In accordance with accounting standards, earnings per share calculations for 2010 and 2011 were adjusted retrospectively as a result of the Company's $259 million capital raising completed in November 2011.

(2) Normalised ROCE in respect of a financial year is calculated on the basis of normalised EBIT before significant items for that year, as disclosed in the notes to the graph on page 38.

6. Service Agreements

The Company or one of its subsidiaries has entered into employment arrangements with each of the Directors and senior executives. Each non-executive Director has been provided with a letter of appointment, while arrangements with senior executives are documented in the form of an engagement letter or contract of service.

Whilst the employment arrangements set out the structure of remuneration for senior executives, they do not prescribe the manner in which remuneration may be modified, which is left to the discretion of the Board, the Committee and CEO, as appropriate.

Except as specified below in relation to the contracts of Mr Delaney, Mr Foyston and Mr Kearney, employment arrangements with senior executives are rolling annual agreements that may be terminated on notice, for serious misconduct or upon their role becoming redundant. The Group must provide the CEO and his direct executive reports 12 months' notice of termination or a maximum payment of 12 months' FAR upon redundancy. The Group retains the right to make a payment in lieu of the relevant notice period. Upon the termination of their employment, executives are entitled to receive their statutory entitlements of accrued annual and long service leave, as well as any superannuation benefits. Senior executives have no entitlement to termination payments beyond leave entitlements and superannuation in the event of termination for misconduct. All senior executive contracts contain a clause which limits the maximum termination payment that may be made on cessation of employment if shareholder approval is required for the payment of a termination or retirement benefit and is not obtained.

Managing Director, Asia Pacific

Mr Foyston commenced employment as Managing Director of the Asia Pacific division on 3 September 2012 under a 2 year fixed-term contract which can be terminated on notice with payment of up to 12 months' FAR in lieu of notice.

As required by employment laws of the People's Republic of China, Mr Foyston's employment contract contains certain employee and employer termination rights on 30 days' prior written notice in specified circumstances, such as inability to perform duties due to illness or non-work related injuries on completion of a designated treatment period, or the employer's failure to pay remuneration or social insurance contributions on a timely basis.

Otherwise, the key terms of Mr Foyston's contract are the same as other executives.

Interim Chief Financial Officer

In additional to his role as Chief Strategy and Corporate Development Officer, Mr Kearney also served as Interim Chief Financial Officer from 30 November 2013 to 31 March 2014, prior to the appointment of Mr Gibson as the Group's new Chief Financial Officer. Mr Kearney was appointed under a five-month contract which concluded following Mr Gibson's commencement with the Company.

Executive Director and Executive Employment Contracts

The principal terms of the employment contracts of executives of the Group other than Mr Kearney who are or were key management personnel during the 2014 financial year are as follows:

Key Contractual Terms	CEO	CFO and Managing Directors
Term of Contract	4 years commencing 4 July 2011	Rolling annual agreement subject to termination on notice (other than Mr Foyston, who is employed on a 2 year fixed term contract commencing 3 September 2012)
Termination		
By Goodman Fielder, with notice(1)	At any time, with 12 months notice in writing or payment of 12 months' FAR in lieu of notice	At any time, with 12 months notice in writing or payment of 12 months FAR in lieu of notice; if role is made redundant, period of notice (or payment in lieu) equivalent to 12 months' FAR (with no other notice periods/provisions to apply)
By Goodman Fielder, without notice	For cause, including serious misconduct or material or persistent breach of terms of the employment contract	For serious misconduct or serious breach of employment contract
On completion of term where contract is not renewed by Goodman Fielder	Payment of 12 months' FAR	N/A
By executive, on a change in control or other "Fundamental Change in Circumstances"	Within 6 months after a Fundamental Change in Circumstances (circumstances under which Mr Delaney remains employed by Group but ceases to hold the most senior management role or the scope of his responsibilities or authorities is materially diminished), Mr Delaney has the right to terminate his appointment on giving three months notice in writing. On the valid exercise of this right, Mr Delaney will be paid 12 months' FAR in lieu of notice	If the executive is offered employment on comparable terms by an acquiring company and does not accept the offer, period of notice (or payment in lieu) equivalent to 6 months' FAR (with no other notice periods or notice provisions to apply) (for Messrs Reidie and Gibson) or 3 months' FAR (for Messrs Foyston, Hipperson and Gannon)
By executive(1)	At any time with 6 months' notice in writing	At any time with 6 months' notice (for Messrs Reidie and Gibson) or 3 months' notice (for Messrs Foyston, Hipperson and Gannon)
Obligations and Entitlements on Completion of Employment		
Unvested Incentive Awards(2)	Subject to shareholder approval and/or the Board's discretion, as applicable: - a pro rata STI award may be paid subject to pro rata successful performance (as determined by the Board) against criteria set by the Board and specified in the STI plan - unvested rights which are subject to performance conditions will vest pro rata, subject to achievement of the Company's performance targets - unvested performance rights which are subject solely to service conditions will not vest pro rata if Mr Delaney is no longer employed by the Group on the third anniversary after 4 July 2011, the date on which he commenced employment with the Group	Subject to shareholder approval and/or the Board's discretion, as applicable
Restraint	For a period of 12 months following termination of Mr Delaney's appointment, he is restrained from: - involvement in any business similar to or in competition with the business of the Goodman Fielder Group; and - soliciting or enticing any director, employee or client of the Group to leave, discontinue their relationship with or reduce the amount of business with the Group or attempting to do so	For all executives, for a period of up to 12 months following termination of employment, the executive is restrained from: - involvement in any business activities similar to or in competition with a business of the Goodman Fielder Group in which the executive has been involved in the last 12 months of employment; - interfering with the relationship between the Group and any of its clients, identified prospective clients and suppliers with which the executive has been involved in the last 12 months of employment; and - soliciting or encouraging any employees, contractors or agents of the Group with whom the executive has been involved in the last 12 months of employment to leave, or cease providing services

(1) As set out on page 41, certain additional termination provisions in Mr Foyston's contract are required by employment laws of the Peoples Republic of China.
(2) The grant of share-based incentives under Mr Delaney's short-term and long-term incentive arrangements and his initial grant of 1,000,000 share performance rights was subject to shareholder approval at the Company's 2011, 2012 and 2013 Annual General Meetings. Shareholder approval was also obtained for the payment of pro rata incentive awards and/or other benefits acquired under, or arising from, Mr Delaney's contractual arrangements with the Group in connection with any future termination of his employment or office.

7. Remuneration of executives for the financial year ended 30 June 2014

Table 1: Total remuneration for Executive Director and Senior Executives for the financial year ended 30 June 2014

			SHORT-TERM BENEFITS				POST EMPLOYMENT						
A$	**Year**	**Salary & fees**	**Short-term cash incentives (a)**	**Increase in annual leave accrual(b)**	**Expatriate allowances(c)**	**Non-monetary - allowances, relocation costs and other(c)**	**Superannuation**	**Other post-employment benefits**	**Increase in long service leave accrual(b)**	**Termination benefits**	**Share-based payment(d)**	**Total(e)**	**Proportion of remuneration performance related (%)(f)**
C R Delaney *Managing Director and Chief Executive Officer*	**2014**	**1,347,712**	**52,275**	**-**	**295,263**	**71,527**	**-**	**-**	**2,661**	**-**	**310,172**	**2,079,610**	**19.9%**
	2013	1,309,497	635,888	-	221,447	130,257	-	-	2,318	-	452,973	2,752,380	36.4%
P D Foyston(1) *Managing Director, Asia Pacific division*	**2014**	**563,750**	**16,913**	**17,999**	**30,851**	**-**	**-**	**-**	**378**	**-**	**78,244**	**708,135**	**13.4%**
	2013	458,334	27,500	14,103	150,330	-	-	-	71	-	49,000	699,338	10.9%
P A Gibson(2) *Chief Financial Officer*	**2014**	**172,390**	**135,650 (2)**	**13,275**	**-**	**666**	**4,444**	**-**	**7**	**-**	**24,227**	**350,659**	**5.1%**
	2013	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
P R Reidie(3) *Managing Director, Goodman Fielder Australia and New Zealand*	**2014**	**826,077**	**52,454**	**45,476**	**-**	**7,023**	**48,497**	**-**	**2,922**	**-**	**76,027**	**1,058,476**	**12.1%**
	2013	702,223	329,667	-	-	7,566	21,399	-	691	-	42,619	1,104,165	34.1%
Former KMP													
S M Gannon(4) *Chief Financial Officer*	**2014**	**324,903**	**-**	**-**	**-**	**1,024**	**16,503**	**-**	**-**	**-**	**(158,312)**	**184,118**	**-%**
	2013	781,128	156,000	-	-	2,402	16,470	-	1,121	-	114,647	1,071,768	21.1%
A R Hipperson(4) *Managing Director, Goodman Fielder Australia*	**2014**	**428,472**	**-**	**-**	**-**	**1,460**	**14,569**	**-**	**-**	**269,140**	**(51,531)**	**662,110**	**-%**
	2013	721,055	88,800	-	-	10,060	16,470	-	29,265	-	43,732	909,382	15.1%
N A Kearney(4) *Interim Chief Financial Officer*	**2014**	**270,728**	**-**	**-**	**-**	**10,590**	**6,060**	**-**	**-**	**-**	**-**	**287,378**	**-%**
	2013	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Total Remuneration for Executives	**2014**	**3,934,032**	**257,292**	**76,750**	**326,114**	**92,290**	**90,073**	**-**	**5,968**	**269,140**	**278,827**	**5,330,486**	**12.1%**
	2013	3,972,237	1,237,855	14,103	371,777	150,285	54,339	-	33,466	-	702,971	6,537,033	27.8%

(1) Comparative information for Mr Foyston reflects his appointments as a member of the key management personnel of the Group during the 2013 financial year. Mr Foyston was appointed Managing Director, Asia Pacific division on 3 September 2012.

(2) Comparative information has not been provided for Mr Gibson as he was not a member of the key management personnel of the Group for the year ended 30 June 2013. Mr Gibson was appointed Chief Financial Officer of the Group, effective 1 April 2014. The equity-based sign-on incentive for Mr Gibson is disclosed in share-based payments. The amount reported as short-term cash incentives for Mr Gibson includes the cash sign-on incentive paid to him on commencement of his employment with the Group, as well as a portion of the sign-on incentive amount payable to him on the first anniversary of his employment, which has been expensed in the 2014 financial year in accordance with accounting standards. Details of Mr Gibson's sign-on incentives are set out on page 36. The amounts included as remuneration may not be indicative of the benefit (if any) Mr Gibson may ultimately receive on cessation of his employment with the Group.

(3) Remuneration for Mr Reidie is payable in New Zealand dollars and, for the purposes of disclosure, all remuneration other than Mr Reidie's short-term incentive has been converted to Australian dollars at the rate of A$1.00/NZ$1.1033 (2013: A$1.00/NZ$1.2413) (an average rate for the 2014 financial year). Mr Reidie's short-term incentive has been converted to Australian dollars at an agreed rate of A$1.00/NZ$1.14. Current year remuneration information for Mr Reidie reflects his appointment as Managing Director, Goodman Fielder Australia and New Zealand effective 13 February 2014.

(4) Messrs Gannon and Hipperson ceased employment with the Goodman Fielder Group on 29 November 2013 and 18 January 2014, respectively and their entitlements to share-based incentives were forfeited on the date of cessation of employment. Accordingly, all amounts recognised in prior years in respect of entitlements which were forfeited in 2014 have been reversed in accordance with accounting standards. Mr Kearney, formerly the Group's Chief Strategy and Corporate Development Officer, also held the role of Interim Chief Financial Officer between 30 November 2013 and 31 March 2014 (from the date immediately following Mr Gannon's resignation to the date Mr Gibson joined the Goodman Fielder Group). The above table discloses Mr Kearney's remuneration only for the period during which he served as Interim Chief Financial Officer of the Group.

(a) Represents cash incentives paid or payable in respect of performance or in recognition of an executive's contribution towards the achievement of strategic objectives in a financial year.

(b) Represents the increase in annual leave and long service leave entitlements accrued during the financial year.

(c) Expatriate allowances represent payments made by the Group in respect of living expenses for Mr Delaney and Mr Foyston (refer to pages 36 and 37). Other benefits represent remuneration received in non-monetary form, including car park allowances, taxation advice, car leases and other fringe benefits.

(d) No options over unissued shares in the Company were granted to any executive of the Goodman Fielder Group as part of their remuneration during the financial year and there are no unvested options held by any executive. In accordance with the requirements of the Accounting Standards, executive remuneration includes a proportion of the notional value of equity compensation granted during the year. The notional value of equity instruments which do not vest during the reporting period is determined as at the grant date and is progressively allocated over the vesting period. The amount included as remuneration is not related to or indicative of the benefit (if any) that individual executives may ultimately realise should the equity-based payments vest. The notional value of executives' entitlements to shares under the Equity Incentive Plan (formerly the Performance Share Plan) was determined in accordance with AASB 2 Share-Based Payment. Details of the amounts recognised in 2014 for executives under the F2012, F2013 and F2014 offers are set out on page 34.

(e) Amounts disclosed as remuneration of executives exclude insurance premiums paid by the Group in respect of Directors' and officers' liability insurance contracts which cover current and former Directors, Secretaries and senior managers of Goodman Fielder Limited and its subsidiaries and also exclude medical insurance premiums paid by the Group in respect of expatriate employees and their families and employees and their families who have temporarily relocated to Australia from New Zealand or other jurisdictions for work purposes. These premium amounts have not been allocated to the individuals covered by the insurance policies as, based upon all available information, the Directors believe that no reasonable basis for such allocation exists.

(f) In respect of the percentages determined for the 2014 financial year, all share-based payment amounts that represent a net reversal of expense or relate to incentives subject to service conditions only have been excluded from the calculation of the proportion of remuneration that is performance related.

8. Key Management Personnel Disclosures

(a) Equity Instrument Disclosures relating to key management personnel

(i) Entitlements under Equity Incentive Plan and sign-on incentives

Details of entitlements to shares in Goodman Fielder Limited granted under offers made under the Equity Incentive Plan or as sign-on incentives are set out below.

2014 Executive Entitlements to ordinary shares [(1)]	Year	Balance at start of the year	Entitlements granted during the year	Vested during the year	Other changes during the year	Balance at the end of the year	Vested at the end of the year[(2)]	Unvested
Current KMP -Executive Directors								
C R Delaney	2014	-	1,953,320	-	-	1,953,320	-	1,953,320
	2013	2,505,455	-	-	-	2,505,455	-	2,505,455
	2012	2,250,000[(3)]	-	-	(1,250,000)	1,000,000	-	1,000,000
Current KMP – Executives								
P A Gibson[(4)]	2014	-	-[(4)]	-	-	-[(4)]	-	-
P R Reidie	2014	-	448,060	-	-	448,060	-	448,060
	2013	527,942	-	-	-	527,942	-	527,942
	2012	135,502	-	-	(135,502)	-	-	-
Former KMP – Executives								
S M Gannon[(5)]	2013	727,273	-	-	(727,273)	-	-	-
	2012	677,358	-	-	(677,358)	-	-	-
A R Hipperson[(6)]	2014	-	419,450	-	(419,450)	-	-	-
	2013	538,182	-	-	(538,182)	-	-	-
	2012	125,708	-	-	(125,708)	-	-	-

(1) Represents the number of ordinary shares to which executives will be entitled at target performance.
(2) At the end of the 2014 financial year, there were no rights vested and exercisable or vested and unexercisable.
(3) Included in the entitlements of Mr. Delaney are 1,000,000 rights relating to his sign on incentive (refer to page 35). On 4 July 2014, 500,000 of these rights vested and Mr Delaney was allocated ordinary shares in the Company and 500,000 rights lapsed.
(4) Mr Gibson was appointed Chief Financial Officer effective 1 April 2014. The offer of entitlements to Mr Gibson under the EIP and under his sign-on arrangement in accordance with his employment contract had not been formally made before the end of the last trading window of the 2014 financial year. The Company intends to offer Mr Gibson rights to 369,894 shares under the EIP and a sign-on incentive of rights to 300,000 shares during the Company's next trading window, which will commence on 14 August 2014.
(5) Mr. Gannon ceased employment with the Group effective 29 November 2013 and his entitlements to ordinary shares were forfeited at that time.
(6) Mr. Hipperson passed away in a motorcycle accident on 18 January 2014. His entitlements to ordinary shares were forfeited in accordance with the EIP Rules at that time.

(ii) Shareholdings

Details of shares in Goodman Fielder Limited held by key management personnel are set out below.

2014 Shareholdings	Balance at start of the year	Net acquisitions[5]	Other changes during the year	Balance at the end of the year	Shares held nominally at the end of the year
Current KMP – Non-executive Directors					
S Gregg	20,100	-	-	20,100	20,100
I G Cornell[1]	-	10,000	-	10,000	10,000
J A Dawson	10,000	-	-	10,000	10,000
C J Froggatt	24,554	-	-	24,554	24,554
P R Hearl	199,396	20,604	-	220,000	-
C A Hooke	284,751	-	-	284,751	-
I D Johnston	193,044	-	-	193,044	193,044
Current KMP – Executive Director					
C R Delaney[2]	200,100	-	-	200,100	-
Current KMP – Executives					
P D Foyston	-	-	-	-	-
P A Gibson[3]	-	-	-	-	-
P R Reidie	4,321	-	-	4,321	-
Former KMP					
S M Gannon[4]	-	-	-	-	-
A R Hipperson[4]	28,889	-	(28,889)	-	-
N A Kearney[4]	-	-	-	-	-

(1) Mr Cornell was appointed a Director of the Company effective 15 February 2014.
(2) On 4 July 2014, in accordance with the terms of his contract of employment, 500,000 rights granted to Mr Delaney on commencement of his employment vested and he was allocated 500,000 shares in the Company. The shares to satisfy Mr Delaney's entitlement were purchased on-market. A further 500,000 rights lapsed on 4 July 2014 as the applicable performance condition was not achieved.
(3) Mr Gibson was appointed Chief Financial Officer effective 1 April 2014.
(4) Messrs Hipperson and Gannon ceased employment with the Group effective 18 January 2014 and 29 November 2013, respectively. Mr Kearney served as interim Chief Financial Officer between 30 November 2013 and 31 March 2014 and ceased to be a member of the Group's Key Management Personnel effective 1 April 2014.
(5) All acquisitions of shares by key management personnel during the year were made by on-market purchases. No shares were granted as compensation or received during the year on the exercise of an option or right.

(b) Loans to key management personnel and their related parties

There were no loans made, guaranteed or secured by the Company or any of its subsidiaries during the financial year in relation to to key management personnel or close members of their families or entities over which they have control, joint control or significant influence ("related parties") and there were no such loans outstanding at the beginning or the end of the financial year.

(c) Other transactions with key management personnel and their related parties

All other transactions with key management personnel (including their related parties) were conducted in the ordinary course of business on normal terms and conditions for customers, employees or suppliers.

Transactions for the supply of goods and services to the Group by Director-related entities (primarily banking and related financial services, insurance, engineering consulting services and travel services) occurred on normal commercial terms under supply arrangements negotiated at arms-length.

From time to time, key management personnel may purchase goods from the Group. These transactions occur on the same terms and conditions as those entered into by other Group employees or customers and are trivial or domestic in nature.

Non – Audit Services

During the period ended 30 June 2014, KPMG, the Company's auditor, performed certain other services in addition to their statutory duties.

Details of the amounts paid to KPMG and its related practices for audit and non-audit services provided during the year are set out in note 33 to the consolidated financial statements.

The Board has considered the non-audit services provided during the year by the auditor and, in accordance with written advice provided by resolution of the Audit Committee, is satisfied that the provision of those non-audit services during the year by the auditor:

(a) is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*; and

(b) did not compromise the auditor independence requirements of the *Corporations Act 2001* for the following reasons:

- all non-audit services were subject to the corporate governance procedures adopted by the Company and have been reviewed by the Audit Committee to ensure they did not impact the integrity and objectivity of the auditor; and
- the non-audit services provided by KPMG do not undermine the general principles relating to auditor independence as set out in APES 110 *Code of Ethics for Professional Accountants*, as they did not involve self-review, assuming a management responsibility, acting in an advocacy role for the Company or creating a self-interest, or intimidation threat; and
- the non-audit services provided by KPMG were for taxation, review or advisory work and none of this work created any conflicts with the auditor's statutory responsibilities.

A copy of the auditor's independence declaration as required under Section 307C of the *Corporations Act 2001* is set out on page 48 and forms part of this Report.

Rounding of Amounts

Goodman Fielder Limited is a company of the kind referred to in ASIC Class Order 98/100 (as amended) and in accordance with that Class Order amounts in the financial report and in this Directors' Report have been rounded to the nearest tenth of a million dollars, unless otherwise shown.

This report has been made in accordance with a resolution of the Directors of the Company.

Christopher R. Delaney

Chris Delaney
Managing Director and Chief Executive Officer

13 August 2014

Steve Gregg
Chairman

13 August 2014

Lead Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

To: the directors of Goodman Fielder Limited

I declare that, to the best of my knowledge and belief, in relation to the audit for the financial year ended 30 June 2014 there have been:

(i) no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the audit; and

(ii) no contraventions of any applicable code of professional conduct in relation to the audit.

KPMG

KPMG

Kevin Leighton
Partner

Sydney

13 August 2014

	Notes	**2014 $m**	2013 $m
Continuing operations			
Revenue		**2,199.9**	2,127.6
Other income	5	**11.4**	34.0
Cost of sales of goods		**(1,427.5)**	(1,342.3)
Warehousing and distribution expenses		**(328.6)**	(314.1)
Selling and marketing expenses		**(193.8)**	(174.2)
General and administration expenses(i)		**(148.2)**	(140.3)
Other(ii)		**(455.5)**	-
Expenses, excluding finance costs		**(2,553.6)**	(1,970.9)
Net finance costs	6	**(56.8)**	(67.2)
(Loss) / profit before income tax from continuing operations		**(399.1)**	123.5
Income tax benefit / (expense)	7	**1.1**	(32.7)
(Loss) / profit for the year from continuing operations		**(398.0)**	90.8
Profit from discontinued operations, net of income tax	8(b)	**-**	19.0
(Loss) / profit for the year		**(398.0)**	109.8
(Loss) / profit is attributable to:			
Owners of Goodman Fielder Limited		**(405.1)**	102.5
Non-controlling interests		**7.1**	7.3
(Loss) / profit for the year		**(398.0)**	109.8
		Cents	Cents
Earnings per share for (loss) / profit attributable to the owners of Goodman Fielder Limited from continuing operations:			
Basic earnings per share	43	**(20.7)**	4.3
Diluted earnings per share	43	**(20.7)**	4.2
Earnings per share for (loss) / profit attributable to the owners of Goodman Fielder Limited from continuing and discontinued operations:			
Basic earnings per share	43	**(20.7)**	5.3
Diluted earnings per share	43	**(20.7)**	5.2

(i) Included in General and administration expenses is $38.2m relating to restructuring expenses (2013: $17.4m).
(ii) Included in the current year is $97.3m relating to the loss on sale of businesses and $358.2m relating to the goodwill and brand impairments to the Baking Australia and New Zealand and Grocery New Zealand CGU's.

The above consolidated income statement should be read in conjunction with the accompanying notes.

	Notes	**2014 $m**	2013 $m
(Loss) / profit for the year		**(398.0)**	109.8
Other comprehensive income, net of tax			
Items that are or may be reclassified to profit or loss			
Foreign exchange translation differences	29(a)	**70.0**	68.8
Effective portion of changes in the fair value of cash flow hedges	29(a)	**(2.1)**	5.0
Exchange differences on non-controlling interest		**(0.8)**	0.3
Other comprehensive income for the year, net of tax		**67.1**	74.1
Total comprehensive income for the year		**(330.9)**	183.9
Attributable to:			
Owners of Goodman Fielder Limited		**(337.2)**	176.3
Non-controlling interests		**6.3**	7.6
Total comprehensive income for the year		**(330.9)**	183.9

The above consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

	Notes	**2014 $m**	2013 $m
Assets			
Current assets			
Cash and cash equivalents	9	**194.4**	403.1
Trade and other receivables	10	**156.3**	162.9
Inventories	11	**122.9**	128.9
Derivative financial instruments	12	**-**	0.1
Current tax receivables		**4.0**	9.1
Other current assets	13	**13.3**	14.6
Assets classified as held for sale	8(b)	**1.7**	1.7
Total current assets		**492.6**	720.4
Non-current assets			
Receivables	14	**-**	0.8
Investments in joint ventures	15	**11.2**	5.5
Property, plant and equipment	16	**471.2**	511.5
Deferred tax assets	17	**65.6**	47.1
Intangible assets	18	**1,171.3**	1,490.5
Other non-current assets	19	**1.3**	1.0
Total non-current assets		**1,720.6**	2,056.4
Total assets		**2,213.2**	2,776.8
Liabilities			
Current liabilities			
Trade and other payables	21	**265.1**	235.7
Borrowings	22	**1.0**	52.8
Derivative financial instruments	12	**13.9**	17.0
Current tax liabilities		**3.7**	16.4
Provisions	24	**52.6**	60.9
Total current liabilities		**336.3**	382.8
Non-current liabilities			
Borrowings	25	**641.7**	760.8
Deferred tax liabilities	26	**28.7**	28.2
Provisions	27	**20.6**	20.5
Derivative financial instruments	12	**44.9**	32.2
Total non-current liabilities		**735.9**	841.7
Total liabilities		**1,072.2**	1,224.5
Net assets		**1,141.0**	1,552.3
Equity			
Contributed equity	28	**2,065.0**	2,065.0
Reserves	29(a)	**(108.4)**	(177.6)
Accumulated losses	29(c)	**(823.8)**	(339.2)
Capital and reserves attributable to owners of Goodman Fielder Limited		**1,132.8**	1,548.2
Non-controlling interests		**8.2**	4.1
Total equity		**1,141.0**	1,552.3

The above consolidated statement of financial position should be read in conjunction with the accompanying notes.

	Notes	**Attributable to owners of Goodman Fielder Limited** Contributed equity $m	Hedging reserve $m	Share-based payments $m	Foreign currency translation $m	Accumulated losses $m	Total $m	Non-controlling interests $m	Total equity $m
Balance at 1 July 2012		2,063.7	(22.7)	0.6	(230.8)	(441.7)	1,369.1	6.0	1,375.1
Profit for the year		-	-	-	-	102.5	102.5	7.3	109.8
Other comprehensive income for the year		-	5.0	-	68.8	-	73.8	0.3	74.1
Total comprehensive income for the year		**-**	**5.0**	**-**	**68.8**	**102.5**	**176.3**	**7.6**	**183.9**
Transactions with owners in their capacity as owners:									
Revision of estimated tax effect of transaction costs from capital raising	28	1.3	-	-	-	-	1.3	-	1.3
Share based payment transactions	29	-	-	1.5	-	-	1.5	-	1.5
Dividends provided for or paid	30	-	-	-	-	-	-	(9.5)	(9.5)
		1.3	-	1.5	-	-	2.8	(9.5)	(6.7)
Balance at 30 June 2013		**2,065.0**	**(17.7)**	**2.1**	**(162.0)**	**(339.2)**	**1,548.2**	**4.1**	**1,552.3**
Balance at 1 July 2013		2,065.0	(17.7)	2.1	(162.0)	(339.2)	1,548.2	4.1	1,552.3
Profit / (loss) for the year		-	-	-	-	(405.1)	(405.1)	7.1	(398.0)
Other comprehensive income for the year		-	(2.1)	-	70.0	-	67.9	(0.8)	67.1
Total comprehensive income for the year		**-**	**(2.1)**	**-**	**70.0**	**(405.1)**	**(337.2)**	**6.3**	**(330.9)**
Transactions with owners in their capacity as owners:									
Share based payment transactions	29	-	-	1.3	-	-	1.3	-	1.3
Dividends paid	30	-	-	-	-	(79.5)	(79.5)	(2.2)	(81.7)
		-	-	1.3	-	(79.5)	(78.2)	(2.2)	(80.4)
Balance at 30 June 2014		**2,065.0**	**(19.8)**	**3.4**	**(92.0)**	**(823.8)**	**1,132.8**	**8.2**	**1,141.0**

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

	Notes	**2014 $m**	2013 $m
Cash flows from operating activities			
Receipts from customers		**2,381.1**	2,413.6
Payments to suppliers and employees		**(2,181.2)**	(2,151.2)
Interest received		**5.4**	9.8
Interest paid		**(62.2)**	(79.0)
Income taxes paid		**(24.8)**	(14.5)
Net cash inflow from operating activities	40	**118.3**	178.7
Cash flows from investing activities			
Payments for property, plant, equipment and intangibles		**(75.6)**	(78.6)
Proceeds from sale of property, plant and equipment		**0.8**	9.1
Proceeds from sale of business		**18.4**	192.1
Insurance proceeds	5	**-**	26.3
Net cash (outflow) / inflow from investing activities		**(56.4)**	148.9
Cash flows from financing activities			
Proceeds from borrowings	25	**-**	138.0
Repayment of borrowings		**(193.5)**	(219.4)
Finance lease payments		**(0.8)**	(1.2)
Dividends paid to company's shareholders	30	**(79.5)**	-
Dividends paid to outside equity interests		**(2.2)**	(9.5)
Net cash (outflow) from financing activities		**(276.0)**	(92.1)
Net (decrease) / increase in cash and cash equivalents		**(214.1)**	235.5
Cash and cash equivalents at the beginning of the financial year		**403.1**	161.7
Effects of exchange rate changes on cash and cash equivalents		**5.4**	5.9
Cash and cash equivalents at end of year	9	**194.4**	403.1

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.

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1 Summary of significant accounting policies

Goodman Fielder Limited is a company domiciled in Australia.

The principal accounting policies adopted in the preparation of the financial report are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated. This financial report includes consolidated financial statements for the Group consisting of Goodman Fielder Consumer Foods Pty Limited, as the accounting parent, and its deemed subsidiaries (together referred to as the Group). The Group is a for profit entity.

The consolidated financial statements were authorised for issue by the Directors on 13 August 2014.

(a) Basis of preparation

(i) Statement of compliance with IFRS

The consolidated financial statements are general purpose financial statements that have been prepared in accordance with Australian Accounting Standards (including Australian Interpretations) adopted by the Australian Accounting Standards Board (AASB) and the Corporations Act 2001. The consolidated financial statements of the Group also comply with the International Financial Reporting Standards (IFRS) adopted by the International Accounting Standards Board.

(ii) Basis of measurement

The financial statements have been prepared on the historical cost basis except for the following material items in the statement of financial position:

• derivative financial instruments are measured at fair value.

The methods used to measure fair value are discussed further in note 1(f).

(iii) New and amended standards adopted by the Group

The following new standards and amendments to standards, including any consequential amendments to other standards, with a date of initial application of 1 July 2013, have been adopted by the Group.

AASB 10 *Consolidated Financial Statements (2011)*

As a result of AASB 10 (2011), the Group has changed its accounting policy for determining whether it has control over and consequently whether it consolidates its investees. AASB 10 (2011) introduces a new control model that is applicable to all investees, by focusing on whether the Group has power over an investee, exposure or rights to variable returns from its involvement with the investee and ability to use its power to affect those returns. In particular, AASB 10 (2011) requires the Group consolidate investees that it controls on the basis of de facto circumstances. In accordance with the transitional provisions of AASB 10 (2011), the Group reassessed the control conclusion for its investees at 1 July 2013 and there has been no impact on the control conclusion.

AASB 11 *Joint Arrangements*

As a result of AASB 11, the Group has changed its accounting policy for its interests in joint arrangements. Under AASB 11, the Group classifies its interests in joint arrangements as either joint operations or joint ventures depending on the Group's rights to the assets and obligations for the liabilities of the arrangements. When making this assessment, the Group considers the structure of the arrangements, the legal form of any separate vehicles, the contractual terms of the arrangements and other facts and circumstances. Previously, the structure of the arrangement was the sole focus of classification.

The Group has re-evaluated its involvement in its only joint arrangement and has reclassified the investment from jointly controlled entity to joint venture. Notwithstanding the reclassification, the investment continues to be accounted for using the equity method; accordingly, there has been no impact on the recognised assets, liabilities and comprehensive income of the Group.

1 Summary of significant accounting policies (continued)

(a) Basis of preparation (continued)

(iii) New and amended standards adopted by the group (continued)

AASB 13 *Fair Value Measurement*

AASB 13 establishes a single framework for measuring fair value and making disclosures about fair value measurements, when such measurements are required or permitted by other AASBs. In particular, it unifies the definition of fair value as the price at which an orderly transaction to sell an asset or to transfer a liability would take place between market participants at the measurement date. It also replaces and expands the disclosure requirements about fair value measurements in other AASBs, including AASB 7 Financial Instruments.

In accordance with the transitional provisions of AASB 13, the Group has applied the new fair value measurement guidance prospectively, and has not provided any comparative information for new disclosures. Notwithstanding the above, the incorporation of credit into derivative valuations at 30 June 2014 had an impact of decreasing the derivative liability by $3.6m ($1.8m to current year income statement, with the balance to reserves).

(iv) Offsetting of financial assets and financial liabilities

As a result of the amendments of AASB 7, the Group has expanded its disclosures about the offsetting of financial assets and financial liabilities (see note 2(f)).

(v) Accounting judgements, estimates and assumptions

The preparation of financial statements in conformity with Australian Accounting Standards (AASBs) requires the use of certain accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 3.

(b) Principles of consolidation

(i) Reverse acquisition accounting

Under AASBs the formation of the Goodman Fielder Group has been accounted for as a business combination.

In applying the requirements of AASB 3 Business Combinations to the Group, the following relationships were established:

• Goodman Fielder Limited (GFL) is the legal parent entity of the Group; and
• Goodman Fielder Consumer Foods Pty Limited (GFCF), which is neither the legal parent nor legal acquirer, is deemed to be the accounting parent of the Group.

These relationships reflect the requirements of AASB 3 that in situations where a number of existing entities are combined with a new entity, an existing entity shall be deemed to be the acquirer, subject to consideration of factors such as relative fair values of the entities involved in the transaction. This is commonly referred to as a reverse acquisition.

The impact on equity of treating the formation of the Group as a reverse acquisition is discussed in note 28.

The financial information incorporates the assets and liabilities of all entities deemed to be acquired by GFCF, including GFL, and the consolidated results of these entities for the period from which those entities are accounted for as being acquired by GFCF. The assets and liabilities of the entities acquired by GFCF were recorded at fair value while the assets and liabilities of GFCF were maintained at their book value. The impact of all transactions between entities in the Group is eliminated in full.

(ii) Joint venture

The Group's only investment in a jointly controlled entity has been classified as a joint venture. The joint venture is accounted for using equity accounting principles and is carried at the lower of the equity accounted amount and recoverable amount. Details of the joint venture is set out in note 39.

The Group's share of the joint venture's net profit or loss is recognised in the consolidated income statement from the date joint control commenced until the date joint control ceases.

(iii) Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

1 Summary of significant accounting policies (continued)

(b) Principles of consolidation (continued)

(iii) Subsidiaries (continued)

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

The acquisition method of accounting is used to account for business combinations by the Group (refer to note 1(h)).

Intercompany transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated income statement, statement of comprehensive income, statement of changes in equity and balance sheet respectively.

(c) Segment reporting

Segment assets include all assets used by a segment and consist primarily of cash, receivables, inventories, property, plant and equipment and goodwill and other intangible assets, net of related provisions. While most of these assets can be directly attributable to individual segments, the carrying amounts of certain assets used jointly by segments are allocated, where possible, based on reasonable estimates of usage. IT and development software and corporate cash are not allocated to segments. Segment liabilities consist primarily of trade and other creditors and employee provisions. External borrowings are not allocated to segments. Segment assets and liabilities do not include derivative instruments and income taxes.

Segment result is earnings before interest and tax (EBIT) reported as: segment revenue less cost of goods sold, selling and marketing expenses, distribution expenses and general and administrative expenses (excluding corporate revenues and administrative expenses relating to the Group as a whole).

Segment capital expenditure is the total cost incurred during the period to acquire property, plant and equipment, and intangible assets other than goodwill.

Inter segment transfers
Segment revenues, expenses and results include transfers between segments. Such transfers are priced on an "arms length" basis or a "fully absorbed" cost basis and are eliminated on consolidation.

(d) Foreign currency translation

(i) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in Australian dollars, which is Goodman Fielder Limited's functional and presentation currency.

(ii) Transactions and balances

Transactions in foreign currencies are translated at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated to the functional currency at the foreign exchange rate at that date. Non monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated to Australian dollars at foreign exchange rates at the dates the fair value was determined.

1 Summary of significant accounting policies (continued)

(d) Foreign currency translation (continued)

(iii) Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on consolidation, are translated to Australian dollars at foreign exchange rates at the reporting date. The revenues and expenses of foreign operations are translated to Australian dollars at rates approximating the foreign exchange rates at the dates of the transactions. Foreign exchange differences arising on translation are recognised in other comprehensive income and presented in the foreign currency translation reserve in equity.

When a foreign operation is disposed of such that control, significant influence or joint control is lost, the cumulative amount in the foreign currency translation reserve related to that foreign operation is reclassified to the income statement as part of the gain or loss on disposal.

When the settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely in the foreseeable future, foreign exchange gains and losses arising from such a monetary item are considered to form part of a net investment in a foreign operation and are recognised in other comprehensive income and are presented in the foreign currency translation reserve in equity. A repayment or partial repayment of a receivable classified as part of a net investment is not considered a disposal of the foreign operation.

(e) Derivatives and hedging activities

The Group uses derivative financial instruments to hedge its exposure to interest rate risks, foreign currency risks and commodity price risks arising from operational and financing activities. In accordance with its treasury policies, the Group does not hold or issue derivative financial instruments for trading purposes. However, derivatives that do not qualify for hedge accounting are accounted for as trading instruments and the associated gain or loss is recognised immediately in the income statement.

Derivative financial instruments are recognised initially at fair value. Subsequent to initial recognition, all derivative financial instruments are stated at fair value on the balance sheet. The gain or loss on remeasurement to fair value is recognised immediately in the income statement. However, where derivatives qualify for hedge accounting, recognition of any resultant gain or loss depends on the nature of the item being hedged (refer to (i) and (ii) below).

The fair values of various derivative financial instruments used for hedging purposes are disclosed in note 12. Movements in the hedging reserve in shareholders' equity are shown in note 28. The full fair value of a hedging derivative is classified as a current asset or liability when the remaining maturity of the hedged item is less than 12 months; it is classified as a non current asset or liability when the remaining maturity of the hedged item is more than 12 months.

(i) Hedge of monetary assets and liabilities

When a derivative financial instrument is used to hedge the foreign exchange exposure of a recognised monetary asset or liability, hedge accounting is not applied and any gain or loss on the hedging instrument is recognised in the income statement.

1 Summary of significant accounting policies (continued)

(e) Derivatives and hedging activities (continued)

(ii) Cash flow hedge

On initial designation of the derivative as the hedging instrument, the Group formally documents the relationship between the hedging instrument and hedged item, including the risk management objectives and strategy in undertaking the hedge transaction and the hedged risk, together with the methods that will be used to assess the effectiveness of the hedging relationship. The Group makes an assessment, both at the inception of the hedge relationship as well as on an ongoing basis, whether the hedging instruments are expected to be "highly effective" in offsetting the changes in the fair value or cash flows of the respective hedged items attributable to hedged risk, and whether the actual results of each hedge are within a range of 80 125 percent. For a cash flow hedge of a forecast transaction, the transaction should be highly probable to occur and should present an exposure to variations in cash flows that could ultimately affect reported profit or loss.

Where a derivative financial instrument is designated as a hedge of the variability in cash flows of a recognised asset or liability, or a highly probable forecast transaction, the effective part of any gain or loss on the derivative financial instrument is recognised directly in other comprehensive income and presented in the hedging reserve in equity. The associated cumulative gain or loss recognised in other comprehensive income is transferred to the carrying amount of the asset recognised when the hedged item is a non financial asset. In other cases the amount recognised in equity is transferred to the income statement in the same period or periods during which the hedged forecast transaction affects profit or loss. To the extent that the hedge is ineffective, changes in fair value are recognised in the income statement.

If the hedged transaction is no longer expected to take place, then the cumulative unrealised gain or loss recognised in the hedge reserve is recognised immediately in the income statement.

(f) Fair value estimation

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes.

The fair values of financial instruments that are not traded in an active market are determined using valuation techniques. The Group uses a variety of methods and makes assumptions that are based on market conditions existing at each balance date. Other techniques, such as estimated discounted cash flows, are used to determine fair value for the remaining financial instruments. The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows. The fair value of forward exchange contracts is determined using forward exchange market rates at the balance sheet date. Fair values reflect the credit risk of the financial instrument and include adjustments to take account of the credit risk of the Group and counterparty when appropriate.

The carrying value less impairment provision of trade receivables is assumed to approximate its fair value due to its short term nature. The fair value of non current financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments.

(g) Property, plant and equipment

Property, plant and equipment is stated at cost less accumulated depreciation and any accumulated impairment losses. Leasehold improvements are measured at cost plus any remediation costs.

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the assets to a working condition for their intended use, the costs of dismantling and removing the items and restoring the site on which they are located and capitalised borrowings costs. Cost may also include transfers from equity of any gain or loss on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

Land is not depreciated. Depreciation on other assets is charged to the income statement on a straight line basis, over the estimated useful lives of each part of an item of property, plant and equipment. The estimated useful lives in the current and comparative periods are as follows:

	Straight-line	**Diminishing value**
- Freehold Buildings	2% - 5%	4% - 6%
- Leasehold properties	The shorter of the lease term or the life of the asset	
- Plant and equipment	4% - 60%	4% - 50%
- Leased plant and equipment	The shorter of the lease term or the life of the asset	

1 Summary of significant accounting policies (continued)

(g) Property, plant and equipment (continued)

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (note 1(j)).

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These are included in the income statement.

(h) Business combinations

Business combinations are accounted for using the acquisition method as at the acquisition date, which is the date on which control is transferred to the Group. Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, the Group takes into consideration potential voting rights that currently are exercisable.

Acquisitions on or after 1 July 2009
For acquisitions on or after 1 July 2009, the Group measures goodwill at the acquisition date as:

• the fair value of the consideration transferred; plus

• the recognised amount of any non controlling interests in the acquiree; plus if the business combination is achieved in stages, the fair value of the existing equity interest in the acquiree; less

• the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in profit or loss.

Costs related to the acquisition, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

Any contingent consideration payable is recognised at fair value at the acquisition date. If the contingent consideration is classified as equity, it is not remeasured and settlement is accounted for within equity. Otherwise, subsequent changes to the fair value of the contingent consideration are recognised in profit or loss.

When share based payment awards (replacement awards) are required to be exchanged for awards held by the acquiree's employee (acquiree's awards) and relate to past services, then all or a portion of the amount of the acquirer's replacement awards is included in measuring the consideration transferred in the business combination. This determination is based on the market based value of the replacement awards compared with the market based value of the acquiree's awards and the extent to which the replacement awards relate to past and/or future service.

Acquisitions between 1 July 2004 and 1 July 2009
For acquisitions between 1 July 2004 and 1 July 2009, goodwill represents the excess of the cost of the acquisition over the Group's interest in the recognised amount (generally fair value) of the identifiable assets, liabilities and contingent liabilities of the acquiree. When the excess was negative, a bargain purchase gain was recognised immediately in profit or loss.

Transaction costs, other than those associated with the issue of debt or equity securities, that the Group incurred in connection with business combinations were capitalised as part of the cost of the acquisition.

1 Summary of significant accounting policies (continued)

(i) Intangible assets

(i) Goodwill

Goodwill represents the difference between the cost of the acquisition and the fair value of the net identifiable assets acquired. In respect of acquisitions that took place in the period, goodwill is provisionally determined based on the preliminary fair value of net identifiable assets acquired. Goodwill recognised on acquisition is subject to change until the allocation of the purchase price to the fair value of net identifiable assets is finalised, not more than 12 months from the date of acquisition. Where the excess is negative, the gain is recognised immediately in the income statement.

Goodwill is stated at cost less any accumulated impairment losses. Goodwill is allocated to cash generating units and is not amortised but is tested annually for impairment (see note 1(j)).

(ii) Brand names and licences

Intangible assets are carried at cost less any accumulated amortisation and any impairment losses. Internally generated intangible assets are not capitalised and are expensed in the year in which the expenditure is incurred.

Brand names and licences with indefinite useful lives are tested for impairment annually either individually or at the cash generating unit level. Such intangibles are not amortised. The Group assesses the useful life of all intangible assets at each reporting date. Any changes in the useful lives are accounted for as a change in an accounting estimate and are thus accounted for on a prospective basis. Licences with finite lives are amortised over their lives on a straight line basis in accordance with the estimated timing of the benefits expected to be received from those assets. Amortisation of finite life brand names and licences is recognised within 'general and administration expenses' in the income statement.

(iii) IT development and software

Software is stated at cost less accumulated amortisation and impairment losses.

Costs incurred in developing products or systems and costs incurred in acquiring software and licenses that will contribute to future period financial benefits through revenue generation and/or cost reduction are capitalised to software. Costs capitalised include external direct costs of materials and service, direct payroll and payroll related costs of employees' time spent on the project. Amortisation is charged to the income statement on a straight line basis over the estimated useful life ranging from 4 to 6 years.

IT development costs include only those costs directly attributable to the development phase and are only recognised following completion of technical feasibility and where the Group has an intention and ability to use the asset.

(j) Impairment of assets

The carrying amounts of the Group's assets, other than inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated (refer to (i) below).

For goodwill and intangible assets with indefinite useful lives, the recoverable amount is estimated at each reporting date, or more frequently if events or changes in circumstances indicate that the carrying value may be impaired.

An impairment loss is recognised whenever the carrying amount of an asset or its cash generating unit exceeds its recoverable amount. Impairment losses are recognised in the income statement.

Impairment losses recognised in respect of cash generating units are allocated first to reduce the carrying amount of any goodwill allocated to cash generating units (group of units) and then, to reduce the carrying amount of the other assets in the unit (group of units) on a pro rata basis.

1 Summary of significant accounting policies (continued)

(j) Impairment of assets (continued)

(i) Calculation of recoverable amount

The recoverable amount of the Group's non current receivables carried at amortised cost is calculated as the present value of estimated future cash flows, discounted at the original effective interest rate (i.e. the effective interest rate computed at initial recognition of these financial assets). Receivables with a short duration are not discounted.

Impairment of receivables is not recognised until objective evidence is available that a loss event has occurred. Significant receivables are individually assessed for impairment. Impairment testing of significant receivables that are not assessed as impaired individually is performed by placing them into portfolios of significant receivables with similar risk profiles and undertaking a collective assessment of impairment.

Non significant receivables are not individually assessed. Instead, impairment testing is performed by placing non significant receivables in portfolios of similar risk profiles, based on objective evidence from historical experience adjusted for any effects of conditions existing at each reporting date.

The recoverable amount of other assets is the greater of their fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash generating unit to which the asset belongs. A cash generating unit represents the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or group of assets.

Subject to an operating segment ceiling test, for the purposes of goodwill impairment testing, CGUs to which goodwill has been allocated are aggregated so that the level at which impairment testing is performed reflects the lowest level at which goodwill is monitored for internal reporting purposes. Goodwill acquired in a business combination is allocated to groups of CGUs that are expected to benefit from the synergies of the combination.

(ii) Reversals of impairment

Impairment losses, other than in respect of goodwill, are reversed when there is an indication that the impairment loss may no longer exist and there has been a change in the estimate used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

An impairment loss in respect of goodwill is not reversed.

(k) Revenue recognition

Revenue is recognised when it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured and there is no continuing management involvement with the goods. The following specific recognition criteria must also be met before revenue is recognised:

(i) Sale of goods

Revenue from sale of goods is measured at the fair value of the consideration received or receivable net of returns, discounts and allowances. Revenue is recognised when the significant risks and rewards of ownership of the goods have passed to the customer and can be measured reliably. Risks and rewards are considered to have passed to the buyer at the time of delivery of the goods to the customer. If it is probable that discounts will be granted and the amount can be measured reliably, then the discount is recognised as a reduction of revenue as the sales are recognised.

(ii) Interest income

Interest income is recognised as it accrues, using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

(iii) Insurance income

Insurance income is recognised as revenue when the right to receive payment is established.

1 Summary of significant accounting policies (continued)

(l) Income tax

Income tax comprises current and deferred tax. Income tax is recognised in the income statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax assets or liabilities are the expected tax receivable or payable on the taxable income for the period, using tax rates enacted or substantially enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax assets and liabilities are calculated using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: initial recognition of goodwill, the initial recognition of assets or liabilities that is not a business combination and that affects neither accounting nor taxable profit, nor differences relating to investments in subsidiaries and jointly controlled entities to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax assets and liabilities are based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at reporting date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Additional income taxes that arise from the distribution of dividends are recognised at the same time as the liability to pay the related dividend.

Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in foreign operations where the company is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Deferred tax assets and liabilities are offset to the extent there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

In determining the amount of current and deferred tax the Group takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. The Group believes that its accruals for tax liabilities are adequate for all open tax years based on its assessment of many factors, including interpretations of tax law and prior experience. This assessment relies on estimates and assumptions and may involve a series of judgements about future events. New information may become available that causes the Group to change its future judgement regarding the adequacy of existing liabilities; such changes to tax liabilities will impact tax expense in the period that such determinations are made.

Goodman Fielder Limited and its wholly owned Australian resident subsidiaries formed a tax consolidated group with effect from 1 November 2005. As a consequence, all members of the tax consolidated group are taxed as a single entity.

(m) Non-current assets (or disposal groups) held for sale and discontinued operations

Non current assets (or disposal groups) are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. They are measured at the lower of their carrying amount and fair value less costs to sell, except for assets such as deferred tax assets, assets arising from employee benefits, financial assets and investment property that are carried at fair value and contractual rights under insurance contracts, which are specifically exempt from this requirement.

An impairment loss is recognised for any initial or subsequent write-down of the asset (or disposal group) to fair value less costs to sell. A gain is recognised for any subsequent increases in fair value less costs to sell of an asset (or disposal group), but not in excess of any cumulative impairment loss previously recognised. A gain or loss not previously recognised by the date of the sale of the non-current asset (or disposal group) is recognised at the date of derecognition.

Non-current assets (including those that are part of a disposal group) are not depreciated or amortised while they are classified as held for sale. Interest and other expenses attributable to the liabilities of a disposal Group classified as held for sale continue to be recognised.

Non-current assets classified as held for sale and the assets of a disposal group classified as held for sale are presented separately from the other assets in the consolidated statement of financial position. The liabilities of a disposal group classified as held for sale are presented separately from other liabilities in the consolidated statement of financial position.

1 Summary of significant accounting policies (continued)

(m) Non-current assets (or disposal groups) held for sale and discontinued operations (continued)

A discontinued operation is a component of the entity that has been disposed of or is classified as held for sale and that represents a separate major line of business or geographical area of operations, is part of a single co-ordinated plan to dispose of such a line of business or area of operations, or is a subsidiary acquired exclusively with a view to resale.

(n) Leases

Leases in terms of which the Group assumes substantially all the risks and rewards of ownership are classified as finance leases.

Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant period rate of interest on the remaining balance of the liability.

Other leases are operating leases and are not recognised on the Group's statement of financial position.

Payments made under operating leases are recognised in the Group's income statement on a straight line basis over the term of the lease.

(o) Cash and cash equivalents

For statement of cash flows presentation purposes, cash and cash equivalents includes cash on hand, short term deposits with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the statement of financial position.

(p) Trade receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost less an allowance for uncollectible amounts.

Other receivables from related or other parties are carried at amortised cost. Interest income, when charged, is recorded on an accrual basis.

The carrying amount of the asset is adjusted for any impairment and the amount of the loss is recognised in the income statement within 'general and administration expenses'. When a trade receivable is uncollectible, it is written off against the allowance account for doubtful debts. Subsequent recoveries of amounts previously written off are credited against 'general and administration expenses' in the income statement. Refer to note 1(j).

The Group regularly enters into a receivables purchase agreement which enables it to securitise selected amounts of its receivables portfolio. The securitised receivable balance is derecognised in the statement of financial position, when it meets the following criteria:

Derecognition of securitised receivables

Securitised receivables are derecognised when:

• the rights to receive cash flows from the receivable have expired;
• the Group retains the right to receive cash flows from the receivable, but has assumed an obligation to pay them in full without material delay to a third party; or
• the Group has transferred its rights to receive cash flows from the receivable and either (a) has transferred substantially all the risks and rewards of the receivable, or (b) has neither transferred nor retained substantially all the risks and rewards of the receivable, but has transferred control of the receivable.

Receivables for insurance recoveries are recognised only when the recoveries are virtually certain of receipt. The receivables are presented gross in the statement of financial position and are not netted off against related payables or otherwise grouped to offset impairment losses of other current assets. The recoveries are recognised in the profit or loss under 'other income'.

1 Summary of significant accounting policies (continued)

(q) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on the basis of first in first out, or average cost, whichever is the most appropriate for each individual business. The cost of manufactured inventory and work in progress includes applicable variable and fixed factory overhead costs, the latter being allocated on the basis of normal operating capacity. Net realisable value is selling price less costs to sell. Adequate provision is made for slow moving and obsolete inventory.

(r) Borrowings

Interest bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest bearing borrowings are stated at amortised cost with any difference between cost and redemption value being recognised in the income statement over the period of the borrowings on an effective interest basis.

Interest bearing borrowings are derecognised when the obligation under the liability is discharged or cancelled or expires.

(s) Finance cost

Net financing costs comprise interest payable on borrowings calculated using the effective interest method. Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use of sale, are added to the cost of those assets, until such a time as the assets are substantially ready for their intended use or sale.

(t) Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event and it is probable that an outflow of economic benefits will be required to settle the obligation.

If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to that liability. When discounting is used, the increase in the provision due to the passage of time is recognised as an interest expense.

(i) Workers' compensation

Provisions have been made in respect of all employees in Victoria for all assessed workers’ compensation liabilities incurred and both reported and not reported, for the relevant periods of self insurance based on an independent actuarial assessment plus a prudential margin. The actuarial assessment is based on a number of assumptions including those related to the long term nature of certain claims, the frequency and value of claims and a discount rate that is based on Australian Commonwealth Government Bond yields. Workers’ compensation for all remaining employees is insured commercially in compliance with the relevant schemes.

(ii) Business closure and rationalisation

A business closure and rationalisation provision is recognised when the Group has developed a detailed formal plan for the business closure and rationalisation and has raised a valid expectation in those affected that it will carry out the business closure and rationalisation by starting to implement the plan or announcing its main features to those affected by it. The measurement of a business closure and rationalisation provision includes only the direct expenditures arising from the business closure and rationalisation, which are those amounts that are both necessarily entailed by the business closure and rationalisation and not associated with the ongoing activities of the Group.

(u) Employee benefits

(i) Wages and salaries, annual leave and sick leave

Liabilities for wages and salaries, including non monetary benefits, annual leave and sick leave expected to be settled within 12 months of the reporting date represent present obligations in respect of employees’ services up to the reporting date. They are calculated at undiscounted amounts based on remuneration rates that the Group expects to pay as at the reporting date including related on costs.

1 Summary of significant accounting policies (continued)

(u) Employee benefits (continued)

(ii) Long service leave

The liability for long service leave is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date. Consideration is given to expected future wage and salary levels including related on costs, experience of employee departures, and periods of service. Expected future payments are discounted using the yield at the reporting date on Government bonds, with currencies matching the obligation.

(iii) Termination benefits

Termination benefits are recognised as an expense when the Group is committed demonstrably, without realistic possibility of withdrawal, to a formal detailed plan to either terminate employment before the normal retirement date, or to provide termination benefits as a result of an offer made to encourage voluntary redundancy. Termination benefits for voluntary redundancies are recognised as an expense if the Group has made an offer of voluntary redundancy, it is probable that the offer will be accepted, and the number of acceptances can be estimated reliably. If benefits are payable more than 12 months after the reporting date, then they are discounted to their present value.

(iv) Defined contribution plans

A defined contribution plan is a post employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution plans are recognised as employee benefits expense in profit or loss in the periods during which services are rendered by employees. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

(v) Share-based payments

Equity settled transactions
The Group provides benefits to its employees (including key management personnel) in the form of share based payments, whereby employees render services in exchange for shares or rights over shares (equity settled transactions).

The cost of these equity settled transactions with employees is measured by reference to the fair value of the equity instruments at the date at which they are granted.

The cost of equity settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled (the vesting period), ending on the date on which the relevant employees become fully entitled to the award (the vesting date).

At each subsequent reporting date until vesting, the cumulative charge to the income statement is the product of:

(i) the grant date fair value of the award;

(ii) the current best estimate of the number of awards that will vest, taking into account such factors as the likelihood of employee turnover during the vesting period and the likelihood of non market performance conditions being met; and

(iii) the expired portion of the vesting period.

The charge to the income statement for the period is the cumulative amount as calculated above less the amounts already charged in previous periods. There is a corresponding entry to equity.

Until an award has vested, any amounts recorded are contingent and will be adjusted if more or fewer awards vest than were originally anticipated to do so.

(w) Contributed equity

Ordinary shares are classified as equity. Transaction costs of an equity transaction are accounted for as a deduction from equity, net of any related income tax benefit.

1 Summary of significant accounting policies (continued)

(x) Earnings per share

(i) Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Group by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year.

(ii) Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

(y) Dividends

A liability for dividends payable is recognised in the period in which the dividends are determined for the entire undistributed amount.

(z) Financial guarantee contracts

Financial guarantee contracts are recognised as a financial liability at the time the guarantee is issued. The liability is initially measured at fair value and subsequently at the higher of the amount determined in accordance with AASB 137 *Provisions, Contingent Liabilities and Contingent Assets* and the amount initially recognised less cumulative amortisation, where appropriate.

The fair value of financial guarantees is determined as the present value of the difference in net cash flows between the contractual payments under the debt instrument and the payments that would be required without the guarantee, or the estimated amount that would be payable to a third party for assuming the obligations.

Where guarantees in relation to loans or other payables of associates are provided for no compensation, the fair values are accounted for as contributions and recognised as part of the cost of the investment.

(aa) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the taxation authority. In this case it is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the taxation authority is included with other receivables or payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the taxation authority, are presented as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

(ab) Rounding of amounts

Goodman Fielder Limited is a company of a kind referred to in Class Order 98/100 dated 10 July 1998, issued by the Australian Securities and Investments Commission, relating to the "rounding off" of amounts in the financial report. In accordance with that Class Order, amounts in the financial report have been rounded off to the nearest tenth of a million dollars, unless otherwise stated.

(ac) New accounting standards and interpretations

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 July 2013, and have not been applied in preparing these consolidated financial statements. None of these are expected to have a significant effect on the consolidated financial statements of the Group, except for AASB 9 Financial Instruments, which becomes mandatory for the Group's 2018 consolidated financial statements and could change the classification and measurement of financial assets. The Group does not plan to adopt this standard early and the extent of the impact has not been determined.

1 Summary of significant accounting policies (continued)

(ad) Parent entity financial information

The financial information for the parent entity, Goodman Fielder Limited, disclosed in note 44 has been prepared on the same basis as the consolidated financial statements, except as set out below.

(i) Investments in subsidiaries, associates and joint venture entities

Investments in subsidiaries, associates and joint venture entities are accounted for at cost in the financial statements of Goodman Fielder Limited. Dividends received from associates are recognised in the parent entity's profit or loss, rather than being deducted from the carrying amount of these investments.

(ii) Tax consolidation legislation

Goodman Fielder Limited and its wholly-owned Australian controlled entities have implemented the tax consolidation legislation.

The head entity, Goodman Fielder Limited, and the controlled entities in the tax consolidated group account for their own current and deferred tax amounts. These tax amounts are measured as if each entity in the tax consolidated group continues to be a stand alone taxpayer in its own right.

In addition to its own current and deferred tax amounts, Goodman Fielder Limited also recognises the current tax liabilities (or assets) and the deferred tax assets arising from unused tax losses and unused tax credits assumed from controlled entities in the tax consolidated group.

The entities have also entered into a tax funding agreement under which the wholly-owned entities fully compensate Goodman Fielder Limited for any current tax payable assumed and are compensated by Goodman Fielder Limited for any current tax receivable and deferred tax assets relating to unused tax losses or unused tax credits that are transferred to Goodman Fielder Limited under the tax consolidation legislation. The funding amounts are determined by reference to the amounts recognised in the wholly-owned entities' financial statements.

The amounts receivable/payable under the tax funding agreement are due upon receipt of the funding advice from the head entity, which is issued as soon as practicable after the end of each financial year. The head entity may also require payment of interim funding amounts to assist with its obligations to pay tax instalments.

Assets or liabilities arising under tax funding agreements with the tax consolidated entities are recognised as current amounts receivable from or payable to other entities in the Group.

Any difference between the amounts assumed and amounts receivable or payable under the tax funding agreement are recognised as a contribution to (or distribution from) wholly owned tax consolidated entities.

(iii) Financial guarantees

Where the parent entity has provided financial guarantees in relation to loans and payables of subsidiaries for no compensation, the fair values of these guarantees are accounted for as contributions and recognised as part of the cost of the investment.

2 Financial risk management

The Group's principal financial instruments include trade receivables and payables, bank loans and overdrafts, derivative contracts, and cash and short term deposits.

As a result of the Group's operations and sources of finance, it is exposed to credit risk, liquidity risk and market risks which include foreign currency risk, commodity price risk and interest rate risk. These risks are described below.

The Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework. The Group's risk management policies are established to identify and analyse the financial risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities.

It is, and has been throughout the period under review, the Group's policy that no speculative trading in financial instruments shall be undertaken.

The Group Audit Committee oversees how management monitors compliance with the Group's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Group. The Group Audit Committee is assisted in its oversight role by Internal Audit. Internal Audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Audit Committee.

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis upon which income and expenses are recognised, in respect of each class of financial asset and financial liability are disclosed in note 1 to the financial statements.

The Group holds the following financial instruments:

	Fair Value		**Carrying value**	
	2014 $m	2013 $m	**2014 $m**	2013 $m
Financial assets				
Cash and cash equivalents (i)			**194.4**	403.1
Trade and other receivables (i)			**156.3**	163.7
Derivative financial instruments (ii)	**-**	0.1	**-**	0.1
Financial liabilities				
Trade and other payables (i)			**265.1**	235.7
Borrowings (i) (iii)	**647.7**	830.0	**642.7**	813.6
Derivative financial instruments (ii)	**58.8**	49.2	**58.8**	49.2

(i) Not measured at fair value.

(ii) Measured at fair value.

(iii) The New Zealand retail notes are recognised at amortised cost, however as they are listed on the New Zealand debt exchange, fair value can differ from the carrying value recognised.

2 Financial risk management (continued)

(a) Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and it arises principally from the Group's trade receivables from customers in the normal course of business.

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The creditworthiness of a customer or counterparty is determined by a number of qualitative and quantitative factors. Qualitative factors include external credit ratings (where available), payment history and strategic importance of customer or counterparty. Quantitative factors include transaction size, net assets of customer or counterparty, and ratio analysis on liquidity, cash flow and profitability.

In relation to trade receivables, it is the Group's policy that all customers who wish to trade on terms are subject to credit verification on an ongoing basis with the intention of minimising bad debts. The nature of the Group's trade receivables is represented by regular turnover of product and billing of customers based on the Group's contractual payment terms.

When utilising bank accounts, cash deposits, derivatives, and committed or uncommitted funding facilities, the Group transacts with counterparties who have sound credit profiles. Such counterparties are primarily large financial institutions.

In relation to financial institutions, the Group allocates a credit limit based on external credit ratings. The counterparty's total outstanding transactions with the Group including cash deposits, derivatives and undrawn funding commitments must not exceed this credit limit without Board approval. Transactions involving derivatives are with counterparties with whom the Group has a signed netting arrangement.

The Group's maximum exposure to credit risk for trade receivables at the reporting date by geographic region is detailed in note 10(a).

(b) Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as and when they become due and payable. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when they become due and payable, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The Group uses a combination of bank overdrafts, bank loans, debt facilities and derivatives to ensure continuity of funding whilst also maintaining sufficient flexibility to enable it to minimise its financing costs.

The Group manages its cash balances on a daily basis based on quarterly forecast cash projections provided by each operating division. The Group uses overdraft facilities, uncommitted overnight borrowings and committed debt facilities to facilitate this process.

It is Group policy that there must be sufficient unused committed debt facilities to cover the next 12 months forecast funding requirements. To the extent possible, the Group attempts to spread its committed debt maturity profile so that significant portions of debt facilities do not mature in any 12 month period to avoid debt concentration and refinancing risk.

2 Financial risk management (continued)

(b) Liquidity risk (continued)

(i) Maturities of financial liabilities

The following table details the Group's contractual maturities of financial liabilities, including estimated interest payments, as at the reporting date:

At 30 June 2014	**1 year or less $m**	**Between 1 to 5 years $m**	**Over 5 years $m**	**Total contrac-tual cash flows $m**	**Carrying amount (assets)/ liabilities $m**
Trade and other payables	**265.1**	**-**	**-**	**265.1**	**265.1**
Borrowings	**20.2**	**393.9**	**322.2**	**736.3**	**642.7**
Commodity derivatives	**9.3**	**-**	**-**	**9.3**	**0.2**
Foreign exchange derivatives					
- (inflow)	**(4.9)**	**-**	**-**	**(4.9)**	**-**
- outflow	**4.9**	**-**	**-**	**4.9**	**1.3**
Cross currency interest rate derivative	**12.4**	**49.8**	**35.5**	**97.7**	**56.1**
Interest rate derivatives	**1.3**	**0.3**	**-**	**1.6**	**1.2**
	308.3	**444.0**	**357.7**	**1,110.0**	**966.6**

At 30 June 2013					
Trade and other payables	235.6	-	-	235.6	235.6
Borrowings	80.3	504.5	347.2	932.0	813.6
Commodity derivatives	8.7	-	-	8.7	-
Foreign exchange derivatives					
- (inflow)	(10.3)	-	-	(10.3)	-
- outflow	10.7	-	-	10.7	0.6
Cross currency interest rate derivative	12.0	48.2	38.4	98.6	41.9
Interest rate derivatives	3.9	2.0	-	5.9	6.6
	340.9	554.7	385.6	1,281.2	1,098.3

All foreign exchange and interest rate derivatives are designated as cash flow hedges. The cross currency interest rate derivatives are dual designated as fair value and cash flow hedges. The impact on the income statement associated with these cash flows is identical to the maturities presented above.

In September 2010, Goodman Fielder raised US$300m in the United States traditional private placement debt market. Through the use of cross currency interest rate derivatives US$300m has been swapped into fixed rate Australian dollar debt of $352m. Goodman Fielder recognises the private placement debt carrying amount at amortised cost in USD translated at the period closing exchange rate. The cross currency interest rate derivative instruments have been designated in an effective hedge relationship. A $9m gain has been recognised in the income statement on the translation of the US Dollar denominated debt at 30 June 2014 (2013: loss of $28.6m) offset by a $9m loss (2013: gain of $28.6m) on the fair value portion of the cross currency interest rate swap recognised in the income statement.

2 Financial risk management (continued)

(c) Market risk

Market risk is the risk that changes in market prices, such as commodity prices, foreign exchange rates and interest rates, will affect the Group's profit or loss or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on risk.

To manage the volatility relating to these risks, the Group takes advantage of natural offsets to the extent possible. In appropriate circumstances and where the Group is unable to naturally offset its exposure to these risks, the Group enters into derivative contracts including interest rate swaps, commodity futures/options and swap contracts and forward currency contracts to manage these exposures.

(i) Foreign exchange risk

The Group predominantly operates in Australia, New Zealand, Asia and the Pacific Islands. A significant portion of the Group's revenues, expenditures and cash flows are generated, and assets and liabilities are located in New Zealand. The Group also has USD denominated debt, however this has been fully hedged with cross currency interest rate derivatives. Furthermore a significant portion of the Group's commodity purchases are denominated in US dollars. As a result, the Group is exposed to foreign currency risks arising from movements in foreign currency exchange rates.

The Group reports in Australian dollars. Movements in foreign currency exchange rates affect reported financial results, financial position and cash flows. Where practical, the Group attempts to reduce this risk by matching revenues and expenditures, as well as assets and liabilities, by country and by currency. Additionally, where practical and within Board approved policies, the Group enters into foreign currency forward contracts to manage its foreign currency exposures.

It is Group policy that hedging, as a percentage of net foreign exchange rate exposure, be maintained within an upper and lower limit. There are further controls around the cumulative amount of hedging that can be undertaken within any 30 day period to avoid pricing concentration risk.

The Group hedge accounts for derivatives that hedge foreign currency risk. This results in the effective portion of changes in fair value arising from cash flow hedges being reported in equity, through the hedge reserve. Any portion of the change in the fair value of cash flow hedges which is deemed ineffective under hedge accounting is reported in the income statement.

Foreign exchange rates, against the Australian Dollar, used for balance sheet translation purposes at 30 June are as follows:

	2014 **$**	2013 $
Central Pacific Franc (XPF)	**82.1098**	84.3898
Fiji Dollar (FJD)	**1.7241**	1.7313
New Zealand Dollar (NZD)	**1.0749**	1.1181
Papua New Guinea Kina (PGK)	**2.2988**	2.0416
United States Dollar (USD)	**0.9395**	0.9138

2 Financial risk management (continued)

(c) Market risk (continued)

(i) Foreign exchange risk (continued)

The Group's exposure to foreign currency risk at the reporting date was as follows (all amounts are denominated in Australian dollars at year end spot rates):

2014

	NZD $m	USD $m	PGK $m	FJD $m	XPF $m	Other(i) $m
Cash and cash equivalents	67.4	-	7.1	3.7	-	15.3
Trade receivables	39.9	-	20.5	12.8	3.2	7.8
Trade payables	(104.6)	-	(10.3)	(4.4)	(2.0)	(8.3)
Borrowings	(323.6)	(412.1)	-	-	(0.6)	-
Cross currency interest rate derivative	-	412.1	-	-	-	-
- buy foreign currency	0.3	-	-	-	-	0.2
- sell foreign currency	(0.5)	(0.6)	-	-	-	(0.3)
Net exposure	(321.1)	(0.6)	17.3	12.1	0.6	14.7

2013

	NZD $m	USD $m	PGK $m	FJD $m	XPF $m	Other(i) $m
Cash and cash equivalents	95.0	0.1	13.7	1.6	-	12.3
Trade receivables	34.4	-	11.6	10.3	3.0	6.7
Trade payables	(67.9)	-	(5.7)	(5.8)	(1.9)	(9.6)
Borrowings	(338.7)	(442.0)	-	-	(0.5)	(0.7)
Cross currency interest rate derivative	-	442.0	-	-	-	-
- buy foreign currency	0.5	-	-	-	-	0.3
- sell foreign currency	(6.2)	(3.3)	-	-	(1.3)	(0.7)
Net exposure	(282.9)	(3.2)	19.6	6.1	(0.7)	8.3

(i) The Other column includes CNY, HKD, IDR, SGD, MYR and PHP balances, with the exception of forward exchange contracts, which relate entirely to the purchase of EUR.

(ii) Commodity price risk

The Group's activities expose it to the risk of changes in commodity prices. The Group is a purchaser of certain commodities including wheat, sugar, edible oils, fats and fuel. The Group purchases these commodities based on market prices that are established with the supplier as part of the purchase process. It is Group policy that transactions to procure commodities are executed within daily transaction limits as well as within minimum and maximum cover ratios for forecast requirements over the following 12 month period.

In line with Board approved policies, the Group enters into derivative contracts for the purchase of these commodities to reduce the volatility of pricing of key commodity inputs. Because the Group requires physical supply of commodities for its operations, derivative contracts form a minor part of the commodity purchasing process. The Group does not net cash settle contracts for physical supplies of commodities.

The Group hedge accounts for derivatives that hedge commodity price risk. This results in the effective portion of changes in fair value arising from cash flow hedges being reported in equity, through the hedge reserve. Any portion of the change in the fair value of cash flow hedges which is deemed ineffective under hedge accounting is reported in the income statement.

2 Financial risk management (continued)

(c) Market risk (continued)

(iii) Interest rate risk

The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's long term debt obligations with a floating interest rate.

The Group's policy is to limit its exposure to the variability in cash flows associated with floating interest rate movements. The Group enters into interest rate swaps, in which the Group agrees to exchange, at specified intervals, the difference between fixed and variable rate interest amounts calculated by reference to an agreed upon notional principal amount.

To the extent possible, the Group hedge accounts its interest rate swaps as cash flow hedges. This results in changes in the effective portion of fair value of interest rate swaps being recognised in equity, through the hedge reserve. Any ineffective portion of the change in fair value of the interest rate swap is reported in the income statement. No interest rate swaps relating to the Group's long term debt obligation were deemed ineffective during 2014 (2013: nil).

As at the reporting date, the Group had the following cash, variable rate borrowings and interest rate swap contracts outstanding:

	30 June 2014		30 June 2013	
	Weighted average interest rate %	**Balance $m**	Weighted average interest rate %	Balance $m
Cash and cash equivalents	**2.5%**	**194.4**	3.4%	403.1
Bank loans	**5.0%**	**(0.6)**	5.0%	(1.2)
Unsecured bank facility	**5.8%**	**(641.0)**	4.6%	(817.0)
Lease liabilities	**4.9%**	**(0.6)**	2.8%	(1.3)
Cross currency interest rate derivative				
- Receive USD fixed rate	**4.8%**	**317.4**	4.8%	328.3
- Pay AUD fixed rate	**7.9%**	**(352.2)**	7.9%	(352.2)
Interest rate swaps (notional principal amounts)				
- Receive floating rate	**3.4%**	**93.0**	2.8%	277.0
- Pay fixed rate	**5.4%**	**(93.0)**	6.1%	(277.0)
		(482.6)		(440.3)

(iv) Summarised sensitivity analysis

The following table summarises the sensitivity of the Group's financial assets and financial liabilities to foreign currency risk, interest rate risk and commodity price risk.

	Foreign exchange risk (i)				**Interest rate risk (ii)**				**Other price risk (iii)**			
	-10%		**+10%**		**-100 bps**		**+100 bps**		**-10%**		**+10%**	
2014	Profit $m	Equity $m	Profit $m	Equity $m	Profit $m	Equity $m	Profit $m	Equity $m	Profit $m	Equity $m	Profit $m	Equity $m
Cash and cash equivalents	-	10.4	-	(8.5)	(1.9)	-	1.9	-	-	-	-	-
Trade receivable	-	9.4	-	(7.7)	-	-	-	-	-	-	-	-
Derivative financial instruments (v)	-	(0.2)	-	0.3	-	(0.7)	-	0.7	-	(0.7)	-	1.1
Trade payables	-	(14.4)	-	11.8	-	-	-	-	-	-	-	-
Borrowings (iv), (v)	-	(36.4)	-	29.8	0.9	-	(0.9)	-	-	-	-	-
Total increase/ (decrease)	-	(31.2)	-	25.7	(1.0)	(0.7)	1.0	0.7	-	(0.7)	-	1.1

2 Financial risk management (continued)

(c) Market risk (continued)

	Foreign exchange risk (i)				**Interest rate risk (ii)**				**Commodity price risk (iii)**			
	-10%		**+10%**		**-100 bps**		**+100 bps**		**-10%**		**+10%**	
2013	Profit $m	Equity $m	Profit $m	Equity $m	Profit $m	Equity $m	Profit $m	Equity $m	Profit $m	Equity $m	Profit $m	Equity $m
Financial assets												
Cash and cash equivalents	-	13.7	-	(11.1)	(3.2)	-	3.2	-	-	-	-	-
Trade receivable	0.1	7.2	(0.1)	(5.9)	-	-	-	-	-	-	-	-
Derivative financial instruments (v)	-	(1.0)	-	1.0	-	(2.3)	-	2.3	-	(0.8)	-	1.0
Trade payables	-	(10.1)	-	8.2	-	-	-	-	-	-	-	-
Borrowings (iv), (v)	-	(37.8)	-	30.9	2.4	-	(2.4)	-	-	-	-	-
Total increase/ (decrease)	0.1	(28.0)	(0.1)	23.1	(0.8)	(2.3)	0.8	2.3	-	(0.8)	-	1.0

(i) The foreign currency sensitivity above represents a 10% decrease and increase in spot foreign exchange rates.
(ii) The interest rate sensitivity above represents a 100 basis point decrease and increase in variable interest rates after reflecting year end hedge positions.
(iii) The commodity price sensitivity above represents a 10% decrease or increase in spot commodity prices.
(iv) The interest rate sensitivity for borrowings includes the impact of interest rate swaps.
(v) The foreign exchange sensitivity on borrowings includes the impact of cross currency interest rate derivatives.

(d) Capital management

The Board's target is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The primary capital management measures assessed by the Board are the return on capital employed, the dividend payout ratio, the interest cover ratio and the gearing ratio.

The Board monitors the return on capital employed, which the Group defines as reported EBIT (Earnings Before Interest and Tax) divided by capital employed. The Group's target is to achieve a return on capital in excess of 13% over a rolling 12 month period.

The Board also monitors the level of dividends to ordinary shareholders. The Group's target is to achieve a payout ratio of between 50% and 80%. The payout ratio is defined as total dividends paid divided by profit for the year.

The Board seeks to maintain an interest cover ratio of at least four times EBITDA (Earnings Before Interest, Tax, Depreciation and Amortisation). Interest cover is defined as EBITDA divided by total financing costs.
During the year, Goodman Fielder Limited did not issue any new ordinary shares pursuant to its dividend reinvestment plan (2013: nil). Further details are set out in note 28.

(e) Fair value measurements

The carrying amounts of cash and cash equivalents, trade and other receivables, trade and other payables and borrowings approximate their fair value.

AASB 7 *Financial Instruments: Disclosures* requires disclosure of fair value measurements by level of the following fair value measurement hierarchy:
(a) quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1)
(b) inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices) (level 2), and
(c) inputs for the asset or liability that are not based on observable market data (unobservable inputs) (level 3).

2 Financial risk management (continued)

(e) Fair value measurements (continued)

The following table presents the Group's financial assets and liabilities recognised and/or disclosed at fair value at reporting date.

At 30 June 2014	**Level 1 $m**	**Level 2 $m**	**Level 3 $m**	**Total $m**
Assets				
Derivative financial instruments	**-**	**-**	**-**	**-**
Total assets	**-**	**-**	**-**	**-**
Liabilities				
Borrowings	**235.5**	**-**	**-**	**235.5**
Derivative financial instruments	**-**	**58.8**	**-**	**58.8**
Total liabilities	**235.5**	**58.8**	**-**	**294.3**

At 30 June 2013	Level 1 $m	Level 2 $m	Level 3 $m	Total $m
Assets				
Derivative financial instruments	-	0.1	-	0.1
Total assets	-	0.1	-	0.1
Liabilities				
Borrowings	225.3	-	-	225.3
Derivative financial instruments	-	49.2	-	49.2
Total liabilities	225.3	49.2	-	274.5

Valuation techniques

Derivative financial instruments are valued using the market comparison technique. The fair values are based on broker quotes. Similar contracts are traded in an active market and the quotes reflect the actual transactions in similar instruments.

2 Financial risk management (continued)

(f) Master netting or similar agreements

The Group enters into derivative transactions under International Swaps and Derivatives Association (ISDA) master netting agreements. In general, under such agreements the amounts owed by each counterparty on a single day in respect of all transactions outstanding in the same currency are aggregated into a single net amount that is payable by one party to the other. In certain circumstances - e.g. when a credit event such as a default occurs, all outstanding transactions under the agreement are terminated, the termination value is assessed and only a single net amount is payable in settlement of all transactions.

The ISDA agreements do not meet the criteria for offsetting in the statement of financial position. This is because the Group does not have any currently legally enforceable right to offset recognised amounts, because the right to offset is enforceable only on the occurrence of future events such as a default on the bank loans or other credit events.

The following table sets out the carrying amounts of recognised financial instruments that are subject to the above agreements.

	Gross and net amounts of financial instruments in the statement of financial position	Related financial instruments that are not offset	Net amount
30 June 2014			
Financial liabilities			
Derivative financial instruments			
Foreign exchange derivatives	**1.3**	**-**	**1.3**
Interest rate derivatives	**1.2**	**-**	**1.2**
Cross currency interest rate derivatives	**56.1**	**-**	**56.1**
Commodity price derivatives	**0.2**	**-**	**0.2**
	58.8	**-**	**58.8**
30 June 2013			
Financial assets			
Derivative financial instruments			
Commodity price derivatives	0.1	-	0.1
	0.1	-	0.1
Financial liabilities			
Derivative financial instruments			
Foreign exchange derivatives	0.6	-	0.6
Interest rate derivatives	6.6	-	6.6
Cross currency interest rate derivatives	41.9	-	41.9
Commodity price derivatives	0.1	-	0.1
	49.2	-	49.2

3 Critical accounting estimates and judgements

Estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed at each reporting period. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period; or in the period of the revision and future periods if the revision affects both current and future periods. The exception to this is revisions in respect of fair value accounting for acquisitions discussed below.

The estimates, assumptions and judgements that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(i) Impairment of goodwill and intangibles with indefinite useful lives

The Group determines whether goodwill and intangibles with indefinite useful lives are impaired at each reporting period. This requires an estimation of the recoverable amount of the cash generating units to which the goodwill and intangibles with indefinite useful lives are allocated. The assumptions used in this estimation of recoverable amount and the carrying amount of goodwill and intangibles with indefinite useful lives are discussed in note 18.

(ii) Utilisation of tax losses/credits

The Group is subject to income taxes in Australia and jurisdictions where it has foreign operations. Significant judgement is required in determining the worldwide income tax provision and receivable. The Group has recognised an income tax receivable relating to carried forward tax losses, research and development credits, foreign investor tax credits and tax prepayment in prior years to the extent there are sufficient taxable temporary differences relating to the same taxation authority and the same subsidiary against which the unused tax losses can be utilised. Utilisation of tax losses also depends on the ability of the entity to satisfy certain tests at the time the losses are recouped. Both the total carry forward tax credits that is subject to the shareholder continuity test and the revenue tax losses recognised as deferred tax assets are expected to be utilised in 5 years.

4 Segment information

(a) Description of segments

Operating segments
The Baking division has a portfolio of leading food brands with three of the top five proprietary bread brands in Australia and six of the top 10 proprietary brands in New Zealand. It is one of the largest bakers in the Australasian region, with leading market shares in most of the market segments in which it competes.

The Dairy division is a major participant in the New Zealand dairy and smallgoods industries with some of the country's most recognised brands in fresh and flavoured milk, yogurt, dairy desserts, specialty cheese and cultured products. The business distributes fresh dairy products to almost 13,000 customer points every day.

The Grocery division is a leading supplier of consumer food products to supermarkets in Australia and New Zealand. It has a diverse portfolio of iconic market leading brands focused on the retail channel and manufactures at four sites in Australia. Its product range covers spreads and dips, cooking oil, sauces, dressings, vinegar, mayonnaise, flour, pastry, baking ingredients and baked snacks.

The Asia Pacific division is one of the largest food suppliers in the Pacific Islands with some of the best known brands in the region, primarily focussed on flour, chicken and snacks. The business has an emerging presence in the East Asian region with a core focus on China, the Philippines and Indonesia, and also exports to over 20 countries. Its Asian product range covers bakery ingredients, dairy and spreads.

The Integro Foods division was a leading Trans Tasman processor of edible oils. The business supplied edible oils to the Australian and New Zealand food industries and specialised in the development and production of complex, higher value oil blends. The business had four manufacturing plants and, as well as supplying in bulk, the business also supplies packed products under a number of leading brands. The Integro Foods business was sold on 2 October 2012 and the 2013 comparative segment results include results of operations to that date.

4 Segment information (continued)

(b) Operating segments

2014	**Baking** $m	**Dairy** $m	**Grocery** $m	**Asia Pacific** $m	**Total** $m
Sales to external customers	924.6	472.7	448.9	353.7	2,199.9
Inter-segment sales	2.7	17.8	23.9	10.6	55.0
Total segment revenue	927.3	490.5	472.8	364.3	2,254.9
Intersegment elimination					(55.0)
Total revenue					2,199.9
Segment result					
EBITDA before restructuring costs	74.9	34.3	64.7	69.9	243.8
Depreciation and amortisation expense	(39.9)	(14.4)	(13.8)	(4.8)	(72.9)
EBIT before restructuring costs	35.0	19.9	50.9	65.1	170.9
Restructuring costs	(6.8)	(10.0)	(4.6)	(2.8)	(24.2)
Impairment charge (i)	(337.4)	-	(20.8)	-	(358.2)
Loss on sale of businesses (ii)	(3.0)	(31.9)	(62.4)	-	(97.3)
Asset sales - net gains	0.8	-	-	-	0.8
Realised exchange loss	-	-	-	(0.1)	(0.1)
Segment EBIT	(311.4)	(22.0)	(36.9)	62.2	(308.1)
Unallocated restructure costs					(14.0)
Unallocated expenses					(20.2)
Net interest expense					(56.8)
Loss before income tax from continuing operations					**(399.1)**
Income tax benefit					1.1
Loss for the year					**(398.0)**
Segment assets and liabilities					
Segment assets	742.8	658.0	292.4	330.2	2,023.4
Intersegment elimination					(21.1)
Unallocated assets					210.9
Total assets					**2,213.2**
Segment liabilities	82.4	120.9	52.4	51.8	307.5
Intersegment elimination					(30.3)
Unallocated liabilities					795.0
Total liabilities					**1,072.2**
Capital expenditure	39.4	9.4	6.7	10.4	65.9
Unallocated capital expenditure					9.7
Total					**75.6**

(i) The impairment charge of $358.2m relates to the goodwill and brand impairments of the Baking and Grocery CGU's.
(ii) The loss on sale of businesses of $97.3m relates to goodwill, brand intangibles and other tangible assets of the businesses divested during the year.

4 Segment information (continued)

(b) Operating segments (continued)

2013	**Baking(i)** $m	**Dairy** $m	**Grocery** $m	**Asia Pacific** $m	**Integro Foods (discontinued)** $m	**Total** $m
Sales to external customers	935.9	395.3	502.8	331.8	61.4	2,227.2
Inter-segment sales	24.1	15.8	29.9	7.2	47.0	124.0
Total segment revenue	960.0	411.1	532.7	339.0	108.4	2,351.2
Intersegment elimination						(124.0)
Discontinued operations						(99.6)
Total revenue						2,127.6
Segment result						
EBITDA before restructuring costs	91.3	53.3	76.8	60.6	6.4	288.4
Depreciation and amortisation expense	(33.4)	(15.6)	(13.4)	(4.2)	(0.2)	(66.8)
EBIT before restructuring costs (ii)	57.9	37.7	63.4	56.4	6.2	221.6
Restructuring costs	(6.7)	(2.5)	(0.7)	(1.1)	(0.4)	(11.4)
Insurance proceeds	20.5	0.2	-	-	-	20.7
Impairment charge (iii)	(3.0)	-	-	-	-	(3.0)
Asset sales - net gains	-	-	2.7	2.6	-	5.3
Realised exchange loss	(0.9)	-	-	-	-	(0.9)
Segment EBIT	67.8	35.4	65.4	57.9	5.8	232.3
Unallocated deal costs						(0.5)
Unallocated restructure costs						(6.0)
Unallocated expenses						(21.4)
Discontinued operations						(13.7)
Net interest expense						(67.2)
Profit before income tax from continuing operations						**123.5**
Profit from discontinued operations, net of income tax						19.0
Income tax benefit						(32.7)
Profit for the year						**109.8**
Segment assets and liabilities						
Segment assets	999.5	611.9	414.9	315.5	65.8	2,407.6
Intersegment elimination						(87.2)
Unallocated assets						456.4
Total assets						**2,776.8**
Segment liabilities	110.6	64.4	84.9	46.7	66.9	373.5
Intersegment elimination						(87.3)
Unallocated liabilities						938.3
Total liabilities						**1,224.5**
Capital expenditure	35.8	5.8	7.7	10.0	2.7	62.0
Unallocated capital expenditure						21.0
Total						**83.0**

(i) The Baking segment EBIT of $67.8m includes the financial information for New Zealand Milling EBIT of $7.9m (including $0.5m loss from insurance settlements) which has been classified as discontinued operations. Further information has been set out in note 8 Discontinued operations. Baking inter-segment sales have been restated to reflect the divestment of the New Zealand Milling business.

(ii) The Baking segment EBITDA before restructuring costs includes $2.6m of income relating to the Christchurch earthquakes insurance claim recognised in the ordinary course of business prior to final settlement, which is consistent with prior year treatment. The insurance income recognised, is primarily offset by equivalent costs incurred as a result of the Christchurch earthquakes.

4 Segment information (continued)

(b) Operating segments (continued)

(iii) Asset impairment resulting from the Christchurch earthquakes.

(c) Geographical segments

	Segment revenues from sales to external customers		**Non-current assets**		**Capital expenditure**	
	2014 $m	2013 $m	**2014 $m**	2013 $m	**2014 $m**	2013 $m
Australia	**1,011.0**	1,124.1	**510.8**	758.4	**47.2**	56.6
New Zealand	**835.2**	771.3	**1,015.8**	1,103.2	**18.0**	16.0
Asia Pacific	**353.7**	331.8	**194.7**	194.8	**10.4**	10.1
Less: Discontinued operations	**-**	(99.6)	**-**	-	**-**	0.3
Total	**2,199.9**	2,127.6	**1,721.3**	2,056.4	**75.6**	83.0

Segment revenues are allocated based on the country in which the customer is located. Non current segment assets and capital expenditure are allocated based on where the assets are located.

(d) Other segment information

During 2014, 60.2% of the Group's revenues depended on two customers in the Baking, Dairy and Grocery segments (2013: 57.4%).

5 Other income

	2014 $m	2013 $m
Insurance recoveries relating to the Christchurch earthquakes	**-**	23.8
Net gain on disposal of property, plant and equipment	**0.8**	5.3
Other income (i)	**10.6**	4.9
	11.4	34.0

(i) Includes impairment reversal of the investment in joint venture. Refer to note 39.

In the prior year a final cash settlement for $26.3 million was received in relation to the 2011 earthquakes in Christchurch, which caused some disruption to the Group's dairy, baking and milling operations in the region and as a result, the Group lodged an insurance claim for damages to buildings, other assets and loss of business. The final settlement in addition to previous settlements brought the total settlement to $44.9 million. The income recognised for continuing operations as a result of the final settlement of $23.8 million was shown as a significant item. The difference was predominantly due to settlement of prior period receivables and New Zealand Milling capital expenditure commitments.

6 Expenses

	2014 $m	2013 $m
Profit before income tax includes the following specific expenses:		
Depreciation		
Freehold properties	**2.6**	2.2
Leasehold properties	**5.9**	5.6
Plant and equipment	**52.8**	50.9
Leased plant and equipment	**0.8**	1.0
Total depreciation	**62.1**	59.7
Amortisation and impairment		
Amortisation of brand names and intangibles	**0.1**	0.2
Amortisation of IT development and software	**10.9**	6.9
Impairment of property, plant and equipment	**-**	3.0
Impairment charge - Baking	**337.4**	-
Impairment charge - Grocery	**20.8**	-
Impairment charge - Dairy	**-**	-
Total amortisation and impairment	**369.2**	10.1
Total depreciation, amortisation and impairment	**431.3**	69.8
Finance costs		
Interest and finance charges	**62.2**	77.0
Interest income	**(5.4)**	(9.8)
Net finance costs	**56.8**	67.2
Net loss on disposal of property, plant and equipment	**4.7**	0.7
Net realised foreign exchange (gains)/losses	**(0.4)**	(1.0)
Rental expense relating to operating leases	**28.3**	37.3
Research and development	**12.2**	9.4
Restructuring costs (note 24)	**38.2**	17.4
Net loss on business disposal (note 8)	**97.3**	-
Employee benefits expenses		
Wages and salaries	**368.3**	336.7
Annual leave	**11.8**	11.5
Defined contribution superannuation expense	**20.4**	17.4
Long service leave	**1.8**	2.6
Medical insurance	**2.6**	2.0
Share based payments expense	**1.3**	1.5
Termination benefits (within restructuring costs)	**14.0**	3.4
Workers' compensation costs	**6.8**	7.9
Total employee benefits expenses	**427.0**	383.0

7 Income tax expense

(a) Income tax expense

	2014 $m	2013 $m
Current tax	**1.0**	39.7
Deferred tax	**(2.2)**	(2.1)
Adjustments for current tax of prior periods	**0.1**	(1.3)
	(1.1)	36.3
Income tax expense is attributable to:		
(Loss)/profit from continuing operations	**(1.1)**	32.7
Profit from discontinued operations	**-**	3.6
Aggregate income tax (benefit)/expense	**(1.1)**	36.3

(b) Numerical reconciliation of income tax expense to prima facie tax payable

	2014 $m	2013 $m
(Loss) / profit from continuing operations before income tax expense	**(399.1)**	123.5
Profit from discontinuing operations before income tax expense	**-**	22.6
	(399.1)	146.1
Tax at the Australian tax rate of 30.0% (2013 - 30.0%)	**(119.7)**	43.8
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:		
Non-assessable income	**(4.8)**	(7.3)
Non-deductible expenses	**14.1**	11.6
Non-deductible impairment charge	**108.3**	-
Research and development	**(1.5)**	(2.1)
Capital loss recouped on sale of business	**-**	(7.3)
Other	**(0.5)**	-
	(4.1)	38.7
Difference in overseas tax rates	**2.9**	(1.1)
Adjustments for under/(over) provision of current tax relating to prior periods	**0.1**	(1.3)
Income tax expense	**(1.1)**	36.3

7 Income tax expense (continued)

(c) Amounts recognised directly in equity

	2014 $m	2013 $m
Aggregate current and deferred tax arising in the reporting period and not recognised in net profit or loss or other comprehensive income but directly debited or credited to equity:		
Cash flow hedge derivatives	**(0.4)**	2.1

(d) Tax expense (income) relating to items of other comprehensive income

	2014 $m	2013 $m
Income tax recognised in the hedging reserve is attributable to:		
Changes in the fair value of cash flow hedges	**(0.4)**	2.1

8 Assets classified as held for sale, business divestments and discontinued operations

(a) Business divestments

On 23 December 2013, Goodman Fielder entered into an agreement with Green's Foods Holdings Pty Limited ("Greens") to sell its Biscuits business (part of the Grocery segment) in Australia. The Biscuits business produces a range of sweet and savoury biscuits, with major brands including Paradise, Cottage, Vive and Veri Deli.

The transaction was completed in February 2014. The gross consideration of the transaction was $7.0 million and a loss on sale of $62.1million was realised.

On 8 January 2014 Goodman Fielder announced its agreed intention to sell its Meats and Pizza businesses in New Zealand.

Goodman Fielder's Meats business (part of the Dairy segment) processes and markets smallgoods meats products to the New Zealand market, including Kiwi bacon and ham, Brooks Deli continental meats and bacon, Hutton's luncheon, bacon and ham, Sizzlers pre-cooked smallgoods and Milano cooked continental meats. The sale was to Hellers Limited in New Zealand.

The transaction was completed in April 2014. The gross consideration of the transaction was NZ$12.0 million and a loss on sale of $31.6million was realised.

Goodman Fielder also agreed a proposal to sell its Pizza business (part of the Baking segment) to Mommas Frozen Products Limited. The Pizza business primary brand is Leaning Tower which produces fresh chilled pizza, including pizza bases and snack sized frozen pizzas.

The transaction was completed in June 2014. The gross consideration of the transaction was NZ$0.3 million and a loss on sale of $3.0million was realised.

All three sales are in line with the Company's strategy of optimising its product and brand portfolio.

The carrying amounts of assets and liabilities in respect of these divestments as at reporting date were $0.4m, being the receivables in respect of the adjustment schedule on completion of the Biscuits sale.

8 Assets classified as held for sale, business divestments and discontinued operations (continued)

(b) Assets and liabilities classified as held for sale

	2014 $m	2013 $m
Property, plant and equipment (i)	**1.7**	1.7
Total assets	**1.7**	1.7

(i) Relates to land and buildings which were not purchased by GrainCorp/Gardner Smith, as part of the Integro Foods business. The assets continue to be actively marketed.

(c) Operations discontinued in the prior year

On 16 February 2012 Goodman Fielder Limited announced its intention to sell the Integro Foods business and the New Zealand Milling business, and initiated an active program to locate a buyer for each business and complete the sale. The Integro oils business and the New Zealand Milling business are reported in the comparative figures of this financial report as discontinued operations.

The decision to divest the Integro Foods and New Zealand Milling businesses was part of the ongoing portfolio prioritisation project to focus more on core businesses.

On 2 October 2012, Goodman Fielder completed the sale of the Integro Foods business to a consortium comprising GrainCorp and Gardner Smith. The gross proceeds of the transaction (including settlement of trade and other receivables and payables by Goodman Fielder) was $170 million. Net proceeds of the transaction of approximately $165 million was used primarily to reduce debt.

On 7 December 2012, Goodman Fielder entered into an agreement with Nisshin Flour Milling Inc and its parent, Nisshin Seifun Group Inc to sell its Champion Flour milling business in New Zealand. On 22 February 2013, Goodman Fielder completed the sale of its Champion Flour milling business to Nisshin Seifun Group Inc for NZ$55 million.

Financial information relating to the discontinued operations for the prior year is set out below. Further information is set out in note 4 (b) - segment information.

8 Assets classified as held for sale, business divestments and discontinued operations (continued)

(d) Financial performance and cash flow information from discontinued operations

The financial performance and cash flow information presented is for the prior year.

	2014 $m	2013 $m
Revenue	-	99.6
Expenses	-	(85.9)
Profit before income tax	-	13.7
Income tax expense	-	(3.8)
Profit after income tax of discontinued operation	-	9.9
Gain on sale of the division before income tax	-	8.9
Income tax expense	-	0.2
Gain on sale of the division after income tax	-	9.1
Profit from discontinued operation	-	19.0
Profit attributable to owners of the parent entity relates to:		
Profit from discontinued operation	-	19.0
Net cash inflow from operating activities	-	20.5
Net cash inflow from investing activities	-	189.1
Net cash outflow from financing activities	-	(0.2)
Net increase in cash generated by the division	-	209.4

(e) Details of the sale of the discontinued operations

	2014 $m	2013 $m
Consideration received:		
Cash	-	192.1
Total disposal consideration (i)	-	192.1
Carrying amount of net assets sold	-	(183.2)
Gain on sale before income tax	-	8.9
Income tax expense	-	0.2
Gain on sale after income tax	-	9.1

(i) Consideration excludes the net trade and other receivables and payables balance, collected and settled respectively, by Goodman Fielder Limited.

9 Current assets - Cash and cash equivalents

	2014 $m	2013 $m
Cash at bank and in hand	**194.4**	403.1

(a) Cash at bank

Cash at bank earns interest at floating rates based on daily bank deposit rates.

(b) Right of set-off

The following entities are party to a netting arrangement with the Westpac Banking Corporation in Australia:
- Goodman Fielder Consumer Foods Pty Limited;
- Quality Bakers Australia Pty Limited;
- Goodman Fielder Treasury Pty Limited; and
- GF Services Company Pty Limited.

The following entities are party to a set off deed with the Westpac Banking Corporation in New Zealand:
- Goodman Fielder Treasury New Zealand Limited;
- Goodman Fielder New Zealand Limited; and
- Goodman Fielder Treasury Pty Limited.

(c) Bank overdrafts

The Group has access to four committed overdraft facilities to a value of $21.4m (2013: $20.5m), covering its banking operations in Australia, New Zealand, Fiji and New Caledonia. At 30 June 2014 $0.4m was utilised (2013: $0.5m).

10 Current assets - Trade and other receivables

	2014 $m	2013 $m
Trade receivables	**153.4**	157.4
Allowance for doubtful debts	**(1.6)**	(1.6)
Other receivables	**4.5**	7.1
	156.3	162.9

10 Current assets - Trade and other receivables (continued)

(a) Credit risk

The ageing of these receivables is as follows:

	2014 $m	2013 $m
Not past due	**122.7**	148.4
Past due 1 - 30 days	**19.1**	1.2
Past due 31 - 60 days	**2.4**	2.3
Past due 61 - 90 days	**1.8**	1.2
Past due over 90 days	**7.4**	4.3
	153.4	157.4

Movements in the provision for impairment of receivables are as follows:

	2014 $m	2013 $m
At 1 July	**1.6**	1.7
Provision for impairment recognised during the year	**0.3**	0.4
Receivables written off during the year as uncollectable	**(0.3)**	(0.5)
At 30 June	**1.6**	1.6

Based on historic trend and expected performance of the customers, the Group believes that the above allowance for doubtful debts sufficiently covers the risk of defaults.

The Group's maximum exposure to credit risk for trade receivables at the reporting date by geographic region was:

	2014 $m	2013 $m
Australia	**71.1**	89.2
New Zealand	**38.5**	33.1
Asia Pacific	**43.8**	35.1
	153.4	157.4

At the reporting dates presented, other receivables did not expose the Group to any significant credit risk.

(b) Securitisation program

Certain controlled entities in Australia and New Zealand have entered into a receivables purchase agreement which enables them to securitise selected amounts of their receivables portfolio up to a limit of $62.0m (2013: $62.0m) and NZ$44.0m (2013: NZ$44.0m). At 30 June 2014, $55.5m (2013: $57.3m) and NZ$39.3m (2013: NZ$43.8m) of receivables have been securitised and are not included in the statement of financial position in accordance with accounting policy note 1(p).

(c) Fair value

Due to the short term nature of these receivables, their carrying value, net of impairment loss, is assumed to approximate their fair value.

11 Current assets - Inventories

	2014 $m	2013 $m
Raw materials and stores	**43.6**	39.9
Work in progress	**4.9**	7.6
Finished goods	**74.4**	81.4
	122.9	128.9

(a) Inventory expense

Write downs of inventories to net realisable value recognised as an expense during the year ended 30 June 2014 amounted to $24.0m (2013: $4.3m), including $12.4m (2013: nil) related to divestments. The balance of the expense has been included in 'cost of sales' in the income statement.

12 Derivative financial instruments

	2014 $m	2013 $m
Current assets		
Commodity price derivatives	**-**	0.1
Total current derivative financial instrument assets	**-**	0.1
Current liabilities		
Foreign exchange derivatives	**1.3**	0.6
Interest rate derivatives	**1.0**	4.8
Cross currency interest rate derivatives	**11.4**	11.5
Commodity price derivatives	**0.2**	0.1
Total current derivative financial instrument liabilities	**13.9**	17.0
Non-current liabilities		
Cross currency interest rate derivatives	**44.7**	30.4
Interest rate derivatives	**0.2**	1.8
Total non-current derivative financial instrument liabilities	**44.9**	32.2
Total derivative financial instrument liabilities	**58.8**	49.2

13 Current assets - Other current assets

	2014 $m	2013 $m
Prepayments	**6.3**	6.3
Other current assets	**7.0**	8.3
	13.3	14.6

14 Non-current assets - Receivables

	2014 $m	2013 $m
Receivables from joint venture	**-**	0.8

15 Non-current assets - Investments in joint ventures

	2014 $m	2013 $m
Interest in joint venture (refer note 39)	**11.2**	5.5

(a) Investment in joint venture

The investment in the joint venture is accounted for in the financial statements using the equity method of accounting and is carried at cost by the Company.

16 Non-current assets - Property, plant and equipment

	Freehold land $m	**Leasehold land $m**	**Plant and equipment $m**	**Leased plant and equipment $m**	**Total $m**
At 1 July 2012					
Cost	150.6	61.5	677.2	5.5	894.8
Accumulated depreciation	(39.2)	(21.9)	(332.1)	(3.5)	(396.7)
Net book amount	111.4	39.6	345.1	2.0	498.1
Year ended 30 June 2013					
Opening net book amount	111.4	39.6	345.1	2.0	498.1
Additions	11.0	10.6	50.7	0.3	72.6
Disposals	(0.8)	(0.2)	(6.0)	-	(7.0)
Reclassifications	1.7	-	(1.7)	-	-
Impairment loss (i)	-	-	(3.0)	-	(3.0)
Disposal through sale of business	-	-	(4.4)	-	(4.4)
Transfers from held for sale	1.5	-	-	-	1.5
Depreciation charge	(2.2)	(5.6)	(50.9)	(1.0)	(59.7)
Effects of movements in foreign exchange rates	4.3	1.0	8.1	-	13.4
Closing net book amount	126.9	45.4	337.9	1.3	511.5
At 30 June 2013					
Cost	159.8	71.8	595.0	5.8	832.4
Accumulated depreciation	(32.9)	(26.4)	(257.1)	(4.5)	(320.9)
Net book amount	126.9	45.4	337.9	1.3	511.5

(i) Asset impairment resulting from the Christchurch earthquakes

16 Non-current assets - Property, plant and equipment (continued)

	Freehold land $m	Leasehold land $m	Plant and equipment $m	Leased plant and equipment $m	Total $m
At 1 July 2013					
Cost	159.8	71.8	595.0	5.8	832.4
Accumulated depreciation	(32.9)	(26.4)	(257.1)	(4.5)	(320.9)
Net book amount	126.9	45.4	337.9	1.3	511.5
Year ended 30 June 2014					
Opening net book amount	126.9	45.4	337.9	1.3	511.5
Additions	1.9	3.5	67.2	0.1	72.7
Disposals	-	(0.2)	(4.5)	-	(4.7)
Reclassifications	(1.7)	(0.4)	2.1	-	-
Disposal through sale of business	(0.4)	(12.5)	(45.7)	-	(58.6)
Depreciation charge	(2.6)	(5.9)	(52.8)	(0.8)	(62.1)
Effects of movements in foreign exchange rates	5.3	0.3	6.8	-	12.4
Closing net book amount	129.4	30.2	311.0	0.6	471.2
At 30 June 2014					
Cost	161.9	59.2	563.6	5.6	790.3
Accumulated depreciation	(32.5)	(29.0)	(252.6)	(5.0)	(319.1)
Net book amount	129.4	30.2	311.0	0.6	471.2

17 Non-current assets - Deferred tax assets

	2014 $m	2013 $m
Employee benefits	**14.2**	16.6
Provisions	**8.6**	9.2
Cash flow hedges recognised in equity	**7.9**	7.4
Tax value of carry forward tax losses and credits recognised	**32.0**	8.2
Other	**2.9**	5.7
	65.6	47.1

	2014 $m	2013 $m
Deductible temporary differences	**55.7**	45.3

The deductible temporary differences relate to intangibles and land and buildings and do not expire under current tax legislation. Deferred tax assets have not been recognised in respect of these items because it is not probable that future taxable profit will be available against which the Group can utilise the benefits.

18 Non-current assets - Intangible assets

	Goodwill $m	Brand names and licences $m	IT development and software $m	Total $m
At 1 July 2012				
Cost	1,667.2	374.1	50.2	2,091.5
Accumulated amortisation and impairment	(654.2)	(20.3)	(5.4)	(679.9)
Net book amount	1,013.0	353.8	44.8	1,411.6
Year ended 30 June 2013				
Opening net book amount	1,013.0	353.8	44.8	1,411.6
Additions	-	-	10.4	10.4
Amortisation charge	-	(0.2)	(6.9)	(7.1)
Effect of movements in foreign exchange rates	60.0	13.9	1.7	75.6
Closing net book amount	1,073.0	367.5	50.0	1,490.5
Cost	1,727.2	388.0	62.3	2,177.5
Accumulated amortisation and impairment	(654.2)	(20.5)	(12.3)	(687.0)
Net book amount	1,073.0	367.5	50.0	1,490.5
At 30 June 2013				
Cost	1,727.2	388.0	62.3	2,177.5
Accumulated amortisation and impairment	(654.2)	(20.5)	(12.3)	(687.0)
Net book amount	1,073.0	367.5	50.0	1,490.5
Year ended 30 June 2014				
Opening net book amount	1,073.0	367.5	50.0	1,490.5
Additions	-	-	2.9	2.9
Amortisation charge	-	(0.1)	(10.9)	(11.0)
Disposal through sale of business	(7.1)	(32.3)	(1.0)	(40.4)
Impairment charge	(342.5)	(15.7)	-	(358.2)
Effect of movements in foreign exchange rates	69.3	15.8	2.4	87.5
Closing net book amount	792.7	335.2	43.4	1,171.3
At 30 June 2014				
Cost	1,594.3	382.0	67.1	2,043.4
Accumulated amortisation and impairment	(801.6)	(46.8)	(23.7)	(872.1)
Net book amount	792.7	335.2	43.4	1,171.3

18 Non-current assets - Intangible assets (continued)

(a) Carrying amount of goodwill, brand names and licences allocated to each of the cash generating units

Goodwill, acquired through business combinations, brand names and licences and IT development and software has been allocated to six (2013: six) individual cash generating units (CGU) for impairment testing as follows:

2014	Goodwill $m	Brands and licences $m	IT development and software $m	Total $m
Baking Australia	-	107.2	-	107.2
Baking New Zealand	143.9	73.5	-	217.4
Dairy New Zealand	389.9	93.5	-	483.4
Grocery Australia	-	20.3	-	20.3
Grocery New Zealand	142.5	14.2	-	156.7
Asia Pacific	106.2	26.5	-	132.7
Corporate/other	10.2	-	43.4	53.6
	792.7	335.2	43.4	1,171.3

2013	Goodwill $m	Brands and licences $m	IT development and software $m	Total $m
Baking Australia	185.2	123.0	-	308.2
Baking New Zealand	256.0	69.0	0.6	325.6
Dairy New Zealand	361.0	104.0	-	465.0
Grocery Australia	-	29.6	-	29.6
Grocery New Zealand	148.5	13.1	-	161.6
Asia Pacific	112.7	28.8	-	141.5
Corporate/other	9.6	-	49.4	59.0
	1,073.0	367.5	50.0	1,490.5

Goodwill on acquisition is initially measured at cost being the excess of the cost of the business acquired over the net fair value of the identifiable assets, liabilities and contingent liabilities.

Following initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is not amortised. Goodwill and intangibles with indefinite useful lives are reviewed for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired.

Brand names are considered to be maintained into perpetuity and have therefore been assessed to have an indefinite useful life. The indefinite useful life reflects management's view that the brands are assets that provide ongoing market advantages for both new and existing sales in the markets that the brands operate in. The current understanding of the markets that the brands operate in indicates that demand will continue in a sustainable manner, that the brands could be managed by another management team, that changes in technology are not seen as a major factor impacting the brands' future value and the brands have a proven long life in the markets in which they operate.

Licences with finite lives are amortised over their lives in accordance with the estimated timing of the benefits expected to be received from those assets.

The carrying value of the Anchor brand within the Dairy New Zealand CGU is $0.1m (2013: $0.2m). The licence of the Anchor brand name has been assessed to have a finite life of 10 years from the agreement date. The remaining amortisation period is 1.5 years.

18 Non-current assets - Intangible assets (continued)

(b) Key assumptions used for value-in-use calculations

The recoverable amount of each of the Group's CGU's was based on value in use calculations covering a 5 year period with a terminal value growth rate applied at the end of that period. The following key assumptions have been used for the value in use calculation of each CGU.

Cashflows

The cash flows for the value in use calculations are based on the FY15 board approved budgeted EBITDA and three year strategic plan extended to five years at an underlying growth rate which does not exceed historic rates. Due to the commercial sensitivity of information, the values attributed to these forecasts have not been disclosed. Management determined forecast EBITDA based on recent performance and its risk adjusted expectations for the future.

Terminal Growth rates

The terminal growth rate used to extrapolate cash flows beyond the five year forecast period for Australian, Asia Pacific and New Zealand CGU's is 2.5% (2013: 2.5%). The growth rate does not exceed the long term growth rate for any of the CGU's, and is consistent with forecasts included in industry reports.

Discount rate

In performing the value in use calculations for each CGU, the Group has applied post tax discount rates of 8.3% for Australian CGU's, 8.5% for New Zealand CGU's and 15.4% for Asia Pacific (2013: 7.7%, 7.7% and 14.6%, respectively) to discount the forecast future attributable post tax cash flows. The imputed pre tax discount rate for each Australia and New Zealand CGU is in the range of 10.8% - 11.0% (2013: 9.2% - 9.9%) and 21.5% for Asia Pacific (2013: 20.2%). The discount rates used reflect specific risks relating to the relevant segments and the countries in which they operate.

(c) Impairment test for CGU's containing goodwill and intangibles with indefinite lives

Where the recoverable amount of the CGU is less than the carrying amount, an impairment loss is recognised. For goodwill and indefinite life intangibles, an impairment test is performed at each reporting period while other assets are only tested if there is an indicator of impairment.

Due to continued retail competitive price pressure and higher operating costs impacting earnings negatively in both the Australia and New Zealand markets, the outcome of impairment testing identified that the recoverable amount for certain CGUs were below carrying value. As a result a non cash impairment was recognised of $358.2m. Of this impairment $342.5m was to goodwill (Baking Australia $185.3m, Baking NZ $136.4m and Grocery New Zealand $20.8m), and $15.7m to brands (Baking Australia).

The value in use tests are sensitive to discount rates, assumed long term growth rates and cash flow forecasts. The Group has performed detailed sensitivity analysis as part of its impairment testing to ensure that the results of its testing are reasonable. Sensitivity analysis on these inputs are noted below:

• Terminal growth rates: A 0.5% decrease in the terminal growth rate will result in no further CGUs being impaired at reporting date.
• Discount rates: A 0.5% increase in the discount rate will result in no further CGUs being impaired at reporting date.
• Forecast cash flows: A 5% decrease in the forecast cash flows will result in no further CGUs being impaired at reporting date.

Management do not believe a reasonable possible change in assumptions for any CGU would cause the units carrying amount to exceed recoverable amount, apart from those CGUs impaired at 30 June 2014 (Baking Australia, Baking and Grocery NZ) for which any adverse change in assumption would lead to impairment.

19 Non-current assets - Other non-current assets

	2014 $m	2013 $m
Other non-current assets	**1.3**	1.0

20 Superannuation Plans

The Group makes contributions to two superannuation funds that provide benefits to employees upon retirement.

Details of two plans sponsored by the Group as at 30 June 2014 are set out below:

Australia
Fund: Goodman Fielder Superannuation Fund
Benefit Type: Defined Contribution and Defined Benefit
Date of last actuarial valuation: 8th July 2014

The Goodman Fielder Superannuation Fund is a ‘hybrid’ superannuation plan as it comprises both defined contribution and defined benefit member entitlements. The defined benefit component ceased accepting new members in 1997. Since this date, all new members participate only in the defined contribution plan. Employees who entered the defined benefit plan prior to 1997 are eligible to receive benefits of the greater of their defined benefit and defined contribution components. Employees who are eligible to receive defined benefit payments comprise an immaterial component of the plan; therefore, this plan has been accounted for as a defined contribution superannuation plan. The defined benefit obligation of the plan at 30 June 2014 was $11.2 million (2013: $12.9 million). The net surplus of the defined benefit portion of the plan at 30 June 2014 was $1.0 million and considered not material to either the financial performance or the financial position of the Group.

New Zealand
Fund: Goodman Fielder (NZ) Retirement Plan
Benefit Type: Defined Contribution and Defined Benefit
Date of last actuarial valuation: 8th July 2014

The Goodman Fielder (NZ) Retirement Plan is a 'hybrid' superannuation plan as it comprises both defined contribution and defined benefit member entitlements. The defined benefit component is closed to new members. All new members participate only in the defined contribution plan. It also pays pension benefits to retired members under a previous arrangement. Members are not required to contribute to the Plan, although they may contribute a minimum of 2% basic pay after one year's service. Employer accounts are credited with amounts that depend on the member's years of contributory membership and level of member contributions. The defined benefit obligation of the plan at 30 June 2014 was NZ$12.5 million (2013: NZ$14.6 million). The net deficit of the defined benefit portion of the plan at 30 June 2014 was NZ$0.3 million and considered not material to either the financial performance or the financial position of the Group.

21 Current liabilities - Trade and other payables

	2014 $m	2013 $m
Trade payables	**232.2**	202.5
Accrued expenses	**5.1**	4.5
Other payables	**27.8**	28.7
	265.1	235.7

The carrying amount of trade and other payables approximates their fair value.

22 Current liabilities - Borrowings

	2014 $m	2013 $m
Secured		
Lease liabilities (note 35)	**0.4**	0.8
Bank facility	**0.6**	0.5
Total secured current borrowings	**1.0**	1.3
Unsecured		
Bank facility	**-**	51.5
Total unsecured current borrowings	**-**	51.5
Total current borrowings	**1.0**	52.8

(a) Risk exposures

Details of the Group's exposure to interest rate changes on borrowings are set out in note 2 (c)(iv).

(b) Fair value

Due to the short term nature of these borrowings, their carrying value is assumed to approximate their fair value.

23 Current liabilities - Other financial liabilities

(a) Debt facility guarantee

Goodman Fielder Limited and a number of its trading subsidiaries are party to a debt facility guarantee for the Group treasury entities. The treasury entities are the primary vehicles through which the Group sources its external debt funding in Australia and New Zealand.

Under the provisions of AASB 139 *Financial Instruments: Recognition and Measurement* as amended by AASB 2005 9, this debt facility guarantee should be accounted for as a Financial Guarantee Contract as detailed in note 1(z).

In determining the fair value of the guarantee in respect of these entities, Goodman Fielder Limited has given consideration to the following:

• the probability of default or the entities being wound up while the guarantee is still in place;
• the existence of sufficient assets in the entities to meet their debt repayment obligations; and
• the likely timing of the potential winding up of these entities.

The fair value of the debt facility guarantee was considered to be immaterial to Goodman Fielder Limited at its inception and at the time of any subsequent amendments, considered to represent the creation of a new deed, and at the balance date, no liability has been recognised in the financial statements (2013: $nil).

(b) Deed of cross guarantee

Goodman Fielder Limited and a certain number of its Australian subsidiaries are party to a Deed of Cross Guarantee. Under the provisions of AASB 139 Financial Instruments: Recognition and Measurement as amended by AASB 2005 9, this debt facility guarantee should be accounted for as a Financial Guarantee Contract as detailed in note 1(z).

The fair value of the Deed of Cross Guarantee was considered to be immaterial to Goodman Fielder Limited at its inception and at the time of any subsequent amendments, considered to represent the creation of a new deed, and at the balance date, no liability has been recognised in the financial statements (2013: $nil). Refer to note 38.

24 Current liabilities - Provisions

	2014 $m	2013 $m
Employee benefits	**40.4**	47.4
Workers' compensation	**1.2**	2.7
Business closure and rationalisation	**8.2**	9.3
Other provisions	**2.8**	1.5
	52.6	60.9

(a) Workers' compensation

Self insurance
Goodman Fielder is a licensed self insurer under the Victorian Accident Compensation Act. Goodman Fielder obtained the licence on 23 December 2005. Provisions have been made in respect of all assessed workers' compensation liabilities incurred and both reported and not reported, for the period of self insurance relevant to the Group, based on an independent actuarial assessment.

Bank guarantee
Of an available facility of $6.6m (2013: $5.2m) in respect of workers' compensation, the Group has a $6.6m (2013: $5.2m) workers' compensation bank guarantee in place with the Victorian WorkCover Authority.

(b) Other

Included in other provisions are amounts in the respect of vehicle insurance, customer claims, make good provisions in respect of certain leased premises and unamortised balance of lease incentive payments. These provisions will be utilised over the period that the vehicles are maintained and at the end of the lease terms of the relevant properties.

(c) Business closure and rationalisation

The business closure and rationalisation provision relates to restructuring costs for specific and identified sites and head office including site remediation, early lease termination and redundancy costs.

(d) Movements in provisions

Movements in each class of provision during the financial year, other than employee benefits, are set out in 27(c).

25 Non-current liabilities - Borrowings

	2014 $m	2013 $m
Secured		
Lease liabilities	**0.2**	0.5
Total secured non-current borrowings	**0.2**	0.5
Unsecured		
Bank facility	**93.5**	220.3
US bond issue	**317.4**	328.3
NZ bond issue	**230.6**	211.7
Total unsecured non-current borrowings	**641.5**	760.3
Total non-current borrowings	**641.7**	760.8

(a) Debt capacity

At 30 June 2014, the Group has $110.9m (2013: $277.9m) of undrawn committed funding capacity available (excluding cash at bank). Of this total, $nil (2013: $4.1m) matures in less than 12 months and $110.9m (2013: $273.8m) matures in greater than 12 months.

(b) Letters of credit

The letter of credit facility is in place for a number of controlled entities and exists for the establishment of import letters of credit, bank guarantees and performance bonds. For the controlled entities the facilities are subject to annual review, repayable on demand and supported by a guarantee from Goodman Fielder Limited. Fees are variable.

(c) Other bank loans

In addition to the detailed facilities there are a number of debt facilities, to a value of $5.1m (2013: $6.1m), extended to various Group companies in the Asia Pacific region. These facilities are guaranteed by Goodman Fielder Limited and certain controlled entities in favour of the lender.

(d) Other debt facilities

The Group has access to overnight borrowings facilities to a total of $19.7m (2013: $19.2m). These facilities are uncommitted and provided at call. These facilities were not utilised at 30 June 2014 (2013: unutilised). The Group also has a securitisation facility, details of which are set out in note 10(b).

25 Non-current liabilities - Borrowings (continued)

(e) Unsecured borrowing facilities

There are four (2013: four) committed unsecured bank facilities available to the Group at 30 June 2014. Syndicated facilities are denominated in Australian dollars, however can be drawn down in the New Zealand dollar equivalent. The US bond issue and NZ bond issue are denominated in each local currency and are translated to Australian dollars at the respective year end rate. Drawn amounts and maturities are as follows:

	Total available 2014 $m	Amount utilised 2014 $m
Non-current		
Syndicated Loan Facility entered in November 2011		
- available until November 2016	**200.0**	**93.0**
US Bond issue entered in September 2010		
- available until September 2020	**319.3**	**319.3**
NZ Bond issue entered in October 2010		
- available until May 2016	**232.6**	**232.6**
New Caledonia Medium Term Loan entered in April 2014		
- available until May 2018	**0.5**	**0.5**
	752.4	**645.4**

The borrowing facilities in notes 22 and 25 are shown net of $3.9m (2013: $5.9m) facility establishment costs.

The facilities provided to the Group by its principal lenders are unsecured but subject to certain semi annual financial covenants, which are contained within the Group's banking agreements. The Group complied with these covenants during the year ended 30 June 2014.

On 6 August 2013, $150.0m and NZ$40.0m was repaid on the Syndicated Loan Facility maturing November 2014 and NZ$10.0m was repaid on the Bilateral Loan Facility maturing 27 February 2014. On 7 February 2014, the Company repaid NZ$50.0m on the Bilateral Loan Facility maturing 27 February 2014, and cancelled the facility.

26 Non-current liabilities - Deferred tax liabilities

	2014 $m	2013 $m
Property, plant and equipment	**18.9**	18.4
Land and buildings	**8.8**	8.0
Other items	**0.9**	0.1
Interest bearing loans	**0.1**	0.1
Intangible assets	**-**	1.6
	28.7	28.2

27 Non-current liabilities - Provisions

	2014 $m	2013 $m
Employee benefits	**1.6**	2.9
Workers' compensation	**3.2**	3.1
Other provisions	**14.4**	14.5
Business closure and rationalisation	**1.4**	-
	20.6	20.5

(a) Workers' compensation

Goodman Fielder is a licensed self insurer under the Victorian Accident Compensation Act. See note 24(a) for details.

(b) Other

Included in other provisions are amounts in respect of make good provisions for certain leased premises and the unamortised balance of lease incentive payments. These provisions will be utilised at the end of the lease terms of the relevant properties.

(c) Movements in provisions

Movements in each class of current and non-current provision during the financial year, other than employee benefits, are set out below:

2014	**Business closure and rationalisation $m**	**Workers' compensation $m**	**Other $m**	**Total $m**
Carrying amount at start of year	9.3	5.8	16.0	31.1
Additional provisions recognised	10.3	2.8	1.2	14.3
Amounts used during the year	(10.0)	(4.2)	-	(14.2)
Carrying amount at end of year	9.6	4.4	17.2	31.2

28 Contributed equity

	Notes	**2014 Shares**	2013 Shares	**2014 $m**	2013 $m
Other contributed equity	28(b)	**1,955,559,207**	1,955,559,207	**2,060.1**	2,060.1
Share capital		**-**	-	**4.9**	4.9
		1,955,559,207	1,955,559,207	**2,065.0**	2,065.0

(a) Movements in ordinary share capital

Date	Details	Notes	Number of shares	Issue price	$m
1 July 2012	Opening balance		1,955,559,207	-	2,063.7
	Revision of estimated tax effect of transaction costs from capital raising		-	-	1.3
30 June 2013	Closing balance		1,955,559,207		2,065.0
1 July 2013	Opening balance		1,955,559,207	-	2,065.0
30 June 2014	Closing balance		1,955,559,207		2,065.0

(b) Ordinary shares

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of Goodman Fielder Limited. All shares rank equally with regard to the Group's residual assets. The company does not have authorised capital or par value in respect to its issued shares.

(c) Share capital

The balance of share capital in the financial statements comprises shares on issue of Goodman Fielder Consumer Foods Pty Limited (GFCF) as the deemed acquiring company under reverse acquisition accounting.

(d) Other contributed equity

Other contributed equity is a result of reverse acquisition accounting adopted in the Group accounts. This account is similar in nature to share capital and is not available for distribution. The balance of the account represents a net adjustment for the replacement of the legal parent's equity with that of the deemed acquirer.

(e) Dividend reinvestment plan

The Dividend Reinvestment Plan (DRP) did not apply to any dividends paid in the current or prior year.

29 Other reserves and accumulated losses

(a) Reserves

	2014 $m	2013 $m
Hedging reserve	**(19.8)**	(17.7)
Share-based payments reserve	**3.4**	2.1
Foreign currency translation reserve	**(92.0)**	(162.0)
	(108.4)	(177.6)

	2014 $m	2013 $m
Movements:		
Hedging reserve		
Opening balance	**(17.7)**	(22.7)
Effective changes in fair value of cross currency interest rate derivatives, net of tax	**(6.2)**	(0.7)
Effective changes in fair value of interest rate derivatives, net of tax	**5.1**	6.9
Effective changes in fair value of foreign currency derivatives, net of tax	**(0.9)**	(0.1)
Effective changes in fair value of commodity price derivatives, net of tax	**(0.2)**	(1.1)
Transfer to income statement, net of tax	**0.1**	0.1
Transfer to inventory and other assets, net of tax	**-**	(0.1)
Balance 30 June	**(19.8)**	(17.7)
Share-based payments reserve		
Opening balance	**2.1**	0.6
Share based payment recognised in income statement, net of tax	**1.3**	1.5
Balance 30 June	**3.4**	2.1
Foreign currency translation reserve		
Opening balance	**(162.0)**	(230.8)
Total recognised income	**70.0**	68.8
Balance 30 June	**(92.0)**	(162.0)

(b) Nature and purpose of other reserves

(i) Hedging reserve

The hedging reserve comprises the effective portion of the cumulative net change in the fair value of derivatives designated as cash flow hedges that relate to hedged transactions that have not yet occurred, as described in note 1(e).

(ii) Share-based payments reserve

The share based payments reserve is used to recognise the cumulative expense for the fair value of share rights issued to employees but not exercised.

(iii) Foreign currency translation reserve

The foreign currency translation reserve comprises exchange differences arising from the translation of the financial statements of foreign subsidiaries where their functional currency is different to the presentation currency of the reporting entity, as described in note 1(d)(iii).

29 Other reserves and accumulated losses (continued)

(c) Accumulated losses

Movements in retained earnings were as follows:

	2014 $m	2013 $m
Balance 1 July	**(339.2)**	(441.7)
Net profit for the year	**(405.1)**	102.5
Dividends	**(79.5)**	-
Balance 30 June	**(823.8)**	(339.2)

30 Dividends

(a) Ordinary shares

	2014 $m	2013 $m
Final dividend for the year ended 30 June 2014 of 1.0 cents (2013: 3.0 cents) per fully paid share paid on 1 October 2014.		
Australia: 100% fully franked (2013: nil franked amount)	**(19.6)**	-
New Zealand: 100% imputed (2013: nil imputation amount)	**-**	(58.7)
Interim dividend for the half year ended 31 December 2013 of 1.0 cents (2013:nil cents) per fully paid ordinary share paid on 10 April 2014.		
Australia: nil franked amount (2013: nil franked amount)		
New Zealand: nil imputation amount (2013: nil imputation amount)	**(19.6)**	-
Total dividend paid	**(39.2)**	(58.7)

(b) Dividends not recognised at the end of the reporting period

	2014 $m	2013 $m
Since year end the Directors have resolved to pay a final dividend of 1.0 cents per fully paid ordinary share. (2013: 3.0 cents)		
Australia: 100% fully franked (2013: nil franked amount)		
New Zealand: 100% imputed (2013: nil imputation)		
The aggregate amount of the proposed dividend payable, but not recognised as a liability	**19.6**	58.7

30 Dividends (continued)

(c) Franked dividends

	2014 $m	2013 $m
Franking credits available for subsequent reporting periods based on a tax rate of 30.0% (2013 - 30.0%)	**9.3**	17.3
Add: Current year tax (receivable)/payable (i)	**-**	(9.1)
	9.3	8.2

(i) The 30 June 2014 franking balance has been adjusted for franking credits that will arise from the receipt of the current tax asset recognised as at 30 June 2014 on lodgement of the 2014 tax returns.

The above amounts represent the balance of the franking account as at the end of the reporting period, adjusted for:

(a) franking credits that will arise from the payment of the current tax liabilities/receipt of current tax receivables
(b) franking credits that will arise from the receipt of dividends recognised as receivables at the reporting date by the tax consolidated Group, and
(c) franking credits that the entity may be prevented from distributing in subsequent years.

(d) Imputation credits New Zealand

	2014 $m	2013 $m
Estimated New Zealand imputation credits expected to be available for the above dividend and subsequent financial years based on a tax rate of 28% (2013: 28%)	**22.5**	15.8

The ability to pass on New Zealand imputation credits to New Zealand shareholders through a dividend is possible due to changes in the tax laws operation between New Zealand and Australia (Trans Tasman Triangular Tax Relief) that were enacted at the end of 2003.

The impact on the imputation account of dividends recommended after year end, but not recognised as a liability at year end is to reduce it by nil.

31 Key management personnel disclosures

(a) Key management personnel compensation

	2014 $'000	2013 $'000
Short-term employee benefits	**5,779**	6,973
Post-employment benefits	**246**	203
Long-term benefits	**6**	33
Termination benefits	**269**	632
Share-based payments	**279**	696
	6,579	8,537

Detailed remuneration disclosures are provided in the remuneration report.

Incentives awarded and paid to executives in the year ended 30 June 2014 in respect of performance for the 2014 financial year have been disclosed in the Remuneration Report in the 2014 financial year comparatives. Further details of key management personnel and their remuneration can be found in the table set out in section 3 of the Remuneration Report entitled "Non Executive Director Remuneration" and in section 7 of the Remuneration Report entitled "Remuneration of Executives for the financial year ended 30 June 2014".

Amounts disclosed as total remuneration of Directors and executives exclude insurance premiums paid by the Group in respect of directors' and officers' liability insurance contracts which cover current and former Directors, secretaries and senior managers of Goodman Fielder Limited and its subsidiaries and medical insurance premiums paid by the Group in respect of expatriate employees and their families and employees and their families who have temporarily relocated to Australia for work purposes. These amounts have not been allocated to the individuals covered by the insurance policies as, based upon all available information, the Directors believe that no reasonable basis for such allocation exists.

Executives also receive entitlements to shares in Goodman Fielder Limited as remuneration (see note 32).

(b) Loans to key management personnel

There were no loans to key management personnel or their related parties made by the Group during the financial year and no loans to key management personnel or their related parties were outstanding at the reporting date.

(c) Transactions with key management personnel

Transactions with key management personnel are detailed in note 36. From time to time, key management personnel of the Group may purchase goods from the Group. These purchases are on the same terms and conditions as those entered into by other Group employees or customers and are trivial or domestic in nature.

32 Share-based payments

The Chief Executive Officer (CEO) and nominated executives are eligible to receive shares in the Company over rolling three year periods pursuant to the Equity Incentive Plan (EIP) (formerly the Performance Share Plan) approved by shareholders at the Company's 2007 Annual General Meeting.

The total equity settled share based payment expense for the year was $1.3 million (2013: $1.5 million).

32 Share-based payments (continued)

(a) Long Term Incentive (LTI)

Under the LTI, rights to be allocated shares in the Company are offered annually to the CEO and nominated executives. Each right offered is an entitlement to one fully paid ordinary share in the Company on terms and conditions determined by the Board, including vesting conditions linked to both service (through a three year performance period for each offer) and performance based on achieving return on capital employed (ROCE), and relative total shareholder return (TSR) targets. The rights have no dividend or voting entitlement (although shares allocated on vesting have the same rights as other ordinary shares).

Further details regarding the operation of the LTI Plan are outlined in the Directors' Report.

	2014 No. of rights	2013 No. of rights
LTI plan rights reconciliation		
Rights outstanding as at 1 July	**16,812,538**	8,215,536
Rights granted	**9,321,576**	12,479,618
Rights forfeited	**(6,820,492)**	(2,426,430)
Rights lapsed	**(2,633,120)**	(1,456,186)
Rights outstanding as at 30 June	**16,680,502**	16,812,538
Rights exercisable at 30 June	**-**	-

No amount has been paid or is payable by the executives to the Group in relation to rights awarded.

Fair value calculation

The estimated value of rights granted with the TSR performance hurdle component was determined at grant date using a Monte Carlo model.

Inputs into Monte Carlo model	**2014**	2013
Expected volatility	35.00%	50.00%
Dividend yield	5.29%	3.01%
Risk free interest rate	3.08%	2.60%

The expected volatility for the 2013 and 2012 awards was determined having regard to the historical share price volatility trend and the volatility at the valuation date. The risk free interest rate was the yield on an Australian Government bond at the grant date matching the remaining life of the award. The yield is converted into a continuously compounded rate in the model.

The Goodman Fielder share price at grant date was used to value the rights with a ROCE performance hurdle, adjusted for expected dividends during the vesting period.

The grant date and fair value at the date of each share award was as follows:

Share plan	**Grant date**	**Share value**
2014 - Equity Incentive Plan - ROCE	10 December 2013	$0.65
2014 - Equity Incentive Plan - TSR	10 December 2013	$0.36
2013 - Equity Incentive Plan - ROCE	7 December 2012	$0.67
2013 - Equity Incentive Plan - TSR	7 December 2012	$0.52
2012 - Equity Incentive Plan - ROCE	13 December 2011	$0.52
2012 - Equity Incentive Plan - TSR	13 December 2011	$0.15

32 Share-based payments (continued)

(b) Retention plan

In 2012 the company introduced the Retention Incentive Plan (RIP) for participation by senior managers and executives of the Company. The invitation to participate is at the discretion of the Group Executive and the Board. The invitation to participate is based on the ability of the senior manager or executive to influence the Company's financial performance or contribute to the achievement of the Company's business objectives.

Shares are allocated to senior management and executives who successfully complete the three year retention period. The Board has discretion to adjust the number of share rights allocated in particular circumstances (for example, a capital reconstruction) and subject to continued employment with the Group through the retention period and until the retention date. Senior management and executives will receive one share for each share right held. Share rights vest on the retention date if the employee is still an employee of the Group at that time.

	2014 No. of rights	2013 No. of rights
Retention plan rights reconciliation		
Rights outstanding as at 1 July	**2,120,000**	2,180,000
Rights granted	**3,300,000**	300,000
Rights forfeited	**(1,240,000)**	(360,000)
Rights outstanding as at 30 June	**4,180,000**	2,120,000
Rights exercisable at 30 June	**-**	-

No amount has been paid or is payable by the executives to the Group in relation to rights awarded.

Fair value calculation

Rights are valued based on the Goodman Fielder share price as traded on the ASX at grant date adjusted for expected dividends during the vesting period.

33 Remuneration of auditors

During the period the following fees were paid or payable for services provided by the auditor of the parent entity, its related practices and non-related audit firms:

(a) Audit and review services

	2014 $'000	2013 $'000
KPMG Australia		
Audit and review of financial statements	**870**	1,051
Overseas KPMG firms		
Audit and review of financial reports	**431**	431
Total remuneration for audit and other assurance services	**1,301**	1,482

(b) Other tax and assurance services

	2014 $'000	2013 $'000
KPMG Australia		
In relation to other assurance and due diligence services	**152**	255
Overseas KPMG firms		
In relation to other assurance and taxation services	**159**	27
Total remuneration for audit and other assurance services	**311**	282

Total auditors' remuneration	**1,612**	1,764

34 Contingencies

(a) Contingent liabilities

The Group is subject to litigation in the ordinary course of operations. The Group does not believe that it is engaged in any legal proceedings for which provision has not been made which would be likely to have a material effect on its business, statement of financial position or income statement.

The Group has entered into guarantees and security arrangements in respect of certain indebtedness as described in note 25.

The Group has entered into a Deed of Cross Guarantee. Details are set out in note 38.

35 Commitments

(a) Capital commitments

Capital expenditure contracted for at the reporting date but not recognised as liabilities is as follows:

	2014 $m	2013 $m
Capital expenditure commitments	**4.4**	15.3

(b) Lease commitments

(i) Non-cancellable operating leases

Significant leases within the Group include the head office premises in Sydney Australia, a manufacturing site at Erskine Park Australia, and the Auckland New Zealand office.

	2014 $m	2013 $m
Commitments for minimum lease payments in relation to non-cancellable operating leases are payable as follows:		
Within one year	**22.4**	26.2
Later than one year but not later than five years	**58.2**	69.5
Later than five years	**69.2**	77.0
	149.8	172.7

35 Commitments (continued)

(b) Lease commitments (continued)

(ii) Finance leases

During the year, the Group leased various plant and equipment with a carrying amount of $0.6m (2013: $0.3m) under finance leases expiring within 1 to 5 years. All of the leases provide the Group with an option to purchase the equipment at a beneficial price.

	2014 $m	2013 $m
Commitments in relation to finance leases are payable as follows:		
Within one year	**0.4**	0.9
Later than one year but not later than five years	**0.2**	0.6
Later than five years	**-**	-
Minimum lease payments	**0.6**	1.5
Future finance charges	**-**	(0.2)
Recognised as a liability	**0.6**	1.3
Representing lease liabilities:		
Current (note 22)	**0.4**	0.8
Non-current (note 25)	**0.2**	0.5
	0.6	1.3

The weighted average interest rate implicit in the leases is 4.94% (2013: 2.84%).

36 Related party transactions

(a) Parent entity

The legal parent entity within the Group is Goodman Fielder Limited.

(b) Directors

Information on the remuneration of Directors is disclosed in the Remuneration Report and in note 31.

(c) Subsidiaries

Interests in subsidiaries are set out in note 37.

(d) Key management personnel

Disclosures relating to key management personnel are set out in note 31.

(e) Transactions with key management personnel or entities related to them

There were no other transactions with key management personnel or entities related to them during the year.

(f) Outstanding balance with joint venture

The following balances are outstanding at the reporting date in relation to transactions with joint venture (refer to note 39):

	2014 $m	2013 $m
Non-current receivables (loans)	**-**	0.8

(g) Terms and conditions

All of the above transactions were conducted under normal commercial terms and conditions.

Outstanding balances at period end are unsecured and settlement occurs in cash. There have been no guarantees provided or received for any related party receivables. For the financial period ended 30 June 2014, the Group has not incurred any impairment losses relating to amounts owed by related parties (2013: nil).

37 Subsidiaries

There were no business combinations during the current financial year or the prior financial year. The financial statements incorporate the assets, liabilities and results of the following controlled entities in accordance with the accounting policy described in note 1(b).

Controlled entities of Goodman Fielder Limited at 30 June 2014	**Country of incorporation**	**Class of shares**	**Equity holding 2014 %**	**Equity holding 2013 %**
BCW Hotplate Bakery Pty Ltd	Australia	Ordinary	**100**	100
Bilgola Foods Pty Ltd	Australia	Ordinary	**100**	100
Cobbity Farm Bakeries Pty Ltd	Australia	Ordinary	**100**	100
Country Bake Bakeries Pty Ltd	Australia	Ordinary	**100**	100
Country Bake Cairns Pty Ltd	Australia	Ordinary	**100**	100
Country Bake Tasmania Pty Ltd	Australia	Ordinary	**100**	100
Darwin Bakery Pty Limited	Australia	Ordinary	**100**	100
Dashboard Bidco Pty Limited	Australia	Ordinary	**100**	100
Dashboard Holdings Pty Limited	Australia	Ordinary	**100**	100
Defiance Mills Pty Ltd	Australia	Ordinary	**100**	100
GF Brand Holding Company Pty Limited	Australia	Ordinary	**100**	100
GF Defiance Pty Limited	Australia	Ordinary	**100**	100
GF Services Company Pty Limited	Australia	Ordinary	**100**	100
Goodman Fielder Consumer Foods Pty Limited	Australia	Ordinary	**100**	100
Goodman Fielder Custodians Pty Limited	Australia	Ordinary	**100**	100
Goodman Fielder Food Services Pty Limited	Australia	Ordinary	**100**	100
Goodman Fielder Superannuation Fund Pty Limited	Australia	Ordinary	**100**	100
Goodman Fielder Treasury Pty Limited	Australia	Ordinary	**100**	100
Hawley Nominees Pty Ltd	Australia	Ordinary	**100**	100
K.F. Holdings Pty Ltd	Australia	Ordinary	**100**	100
La Famiglia Fine Foods Pty Ltd	Australia	Ordinary	**100**	100
Oilstream Partners Pty Limited	Australia	Ordinary	**100**	100
Dashboard Food Industries Pty Limited *	Australia	Ordinary	**100**	100
Quality Bakers Australia Pty Limited	Australia	Ordinary	**100**	100
Regal Bakeries Pty Limited	Australia	Ordinary	**100**	100
Stuart Bakery Pty Ltd	Australia	Ordinary	**100**	100
Sunicrust Bakeries Proprietary Limited	Australia	Ordinary	**100**	100
Evercrisp Snack Products (South Seas) Limited	Fiji	Ordinary	**90**	90
Goodman Fielder (Fiji) Limited	Fiji	Ordinary	**90**	90
Goodman Fielder International (Fiji) Limited	Fiji	Ordinary	**90**	90
Tucker Group (Fiji) Limited	Fiji	Ordinary	**90**	90
Tuckers Ice Cream Limited	Fiji	Ordinary	**90**	90
Goodman Fielder International (China) Limited	Hong Kong	Ordinary	**100**	100
Goodman Fielder International (Hong Kong) Limited	Hong Kong	Ordinary	**100**	100
Sinar Meadow International Limited	Hong Kong	Ordinary	**50**	50
Goodman Fielder International Sdn Bhd	Malaysia	Ordinary	**100**	100
Goodman Fielder Nouvelle Caledonie SAS	New Caledonia	Ordinary	**100**	100
GF Retirement Nominees Limited	New Zealand	Ordinary	**100**	100
Goodman Fielder New Zealand Limited	New Zealand	Ordinary	**100**	100
Goodman Fielder Treasury New Zealand Limited	New Zealand	Ordinary	**100**	100
Associated Mills Limited	Papua New Guinea	Ordinary	**74**	74
Evercrisp Snacks (PNG) Limited	Papua New Guinea	Ordinary	**100**	100
Goodman Fielder International (PNG) Limited	Papua New Guinea	Ordinary	**100**	100
Seabreeze Poultry Limited	Papua New Guinea	Ordinary	**100**	100
Goodman Fielder International (Philippines) Inc	Philippines	Ordinary	**100**	100
Goodman Fielder (Guangzhou) Trade Co Ltd	China	n/a	**100**	100
Goodman Fielder Singapore Pte. Ltd	Singapore	Ordinary	**100**	100

*: Name changed from Paradise Food Industries Pty Limited on 7 March 2014.

38 Deed of cross guarantee

Pursuant to ASIC Class Order 98/1418 (as amended) dated 13 August 1998, the wholly owned subsidiaries listed below are relieved from the Corporations Act 2001 requirements for preparation, audit and lodgement of a financial report, and Directors' report. Goodman Fielder Custodians Pty Limited is the Trustee appointed under this Deed but is not granted relief from specified accounting requirements in accordance with ASIC Class Order 98/1418 (as amended).

It is a condition of the Class Order that Goodman Fielder Limited and certain of the subsidiaries enter into a Deed of Cross Guarantee. The effect of the Deed is that Goodman Fielder Limited guarantees to each creditor payment in full of any debt in the event of winding up of any of the subsidiaries under certain provisions of the Corporations Act 2001. If a winding up occurs under other provisions of the Act, Goodman Fielder Limited will only be liable in the event that after six months any creditor has not been paid in full. The subsidiaries have also given similar guarantees in the event Goodman Fielder Limited is wound up.

The members of the Extended Closed Group subject to the deed are:

- BCW Hotplate Bakery Pty Ltd
- Bilgola Foods Pty Ltd
- Cobbity Farm Bakeries Pty Ltd
- Country Bake Bakeries Pty Ltd
- Country Bake Cairns Pty Ltd
- Country Bake Tasmania Pty Ltd
- Darwin Bakery Pty Limited
- Dashboard Holdings Pty Limited
- Dashboard Bidco Pty Limited
- Defiance Mills Pty Ltd
- GF Brand Holding Company Pty Limited
- GF Defiance Pty Limited
- GF Services Company Pty Limited
- Goodman Fielder Consumer Foods Pty Limited
- Goodman Fielder Food Services Pty Limited
- Goodman Fielder Treasury Pty Limited
- Hawley Nominees Pty Ltd
- K.F. Holdings Pty Ltd
- La Famiglia Fine Foods Pty Ltd
- Oilstream Partners Pty Limited
- Dashboard Food Industries Pty Limited *
- Quality Bakers Australia Pty Limited
- Regal Bakeries Pty Limited
- Stuart Bakery Pty Ltd
- Sunicrust Bakeries Proprietary Limited

*: Name changed from Paradise Food Industries Pty Limited on 7 March 2014.

38 Deed of cross guarantee (continued)

(a) Consolidated income statement, statement of comprehensive income and summary of movements in consolidated retained earnings

An income statement prepared in accordance with the accounting policy described in note 1(b), comprising certain wholly owned subsidiaries, which are party to the Deed, after eliminating all transactions between parties to the Deed of Cross Guarantee, is set out as follows:

	2014 $m	2013 $m
Consolidated income statement		
Sales of goods	**1,074.6**	1,070.0
Other income	**17.7**	63.1
Cost of sales of goods	**(676.4)**	(648.9)
Warehousing and distribution expenses	**(234.9)**	(230.2)
Selling and marketing expenses	**(74.6)**	(63.1)
General and administration expenses	**(132.7)**	(81.3)
Net financing costs	**(19.1)**	(27.0)
(Loss) / profit before income tax	**(45.4)**	82.6
Income tax benefit / (expense)	**12.2**	(7.6)
(Loss) / profit from continuing operations	**(33.2)**	75.0
Profit from discontinued operations	**-**	16.3
(Loss) / profit for the year	**(33.2)**	91.3

	2014 $m	2013 $m
Consolidated statement of profit or loss and other comprehensive income		
Other comprehensive income		
(Loss) / profit for the year	**(33.2)**	91.3
Items that may be reclassified to profit or loss		
Changes in the fair value of cash flow hedges	**4.1**	4.8
Total (loss) / comprehensive income for the year	**(29.1)**	96.1

	2014 $m	2013 $m
Summary of movements in consolidated retained earnings		
Retained earnings at the beginning of the financial year	**(266.6)**	(357.9)
Profit for the year	**(33.2)**	91.3
Dividends paid	**(78.2)**	-
Retained earnings at the end of the financial year	**(378.0)**	(266.6)

38 Deed of cross guarantee (continued)

(b) Consolidated statement of financial position

A statement of financial position prepared in accordance with the accounting policy described in note 1(b), comprising certain wholly owned subsidiaries which are party to the Deed, after eliminating all transactions between parties to the Deed of Cross Guarantee is set out as follows:

	2014 $m	2013 $m
Current assets		
Cash and cash equivalents	**100.0**	348.9
Trade and other receivables	**91.2**	126.4
Inventories	**50.2**	57.5
Derivatives financial instruments	**-**	0.1
Current tax receivable	**-**	13.8
Other current assets	**8.1**	9.3
Assets classified as held for sale	**1.7**	1.7
Total current assets	**251.2**	557.7
Non-current assets		
Receivables	**306.2**	341.7
Investment in joint venture	**11.2**	5.5
Other investments	**1,100.5**	1,100.5
Other non-current assets	**0.3**	0.3
Property, plant and equipment	**270.4**	320.5
Deferred tax assets	**44.4**	26.7
Intangible assets	**334.2**	348.3
Total non-current assets	**2,067.2**	2,143.5
Total assets	**2,318.4**	2,701.2
Current liabilities		
Trade and other payables	**128.3**	195.7
Borrowings	**0.1**	51.3
Derivative financial instruments	**12.5**	17.0
Provisions	**30.9**	44.6
Total current liabilities	**171.8**	308.6
Non-current liabilities		
Borrowings	**410.6**	551.7
Derivative financial instruments	**44.9**	32.2
Provisions	**19.5**	26.0
Total non-current liabilities	**475.0**	609.9
Total liabilities	**646.8**	918.5
Net assets	**1,671.6**	1,782.7
Equity		
Contributed equity	**2,065.0**	2,065.0
Other reserves	**(15.2)**	(15.7)
Retained earnings	**(378.2)**	(266.6)
Total equity	**1,671.6**	1,782.7

39 Interests in joint ventures

(a) Joint venture partnership

The Group has a 50% interest (2013: 50% interest) in PT Sinar Meadow International Indonesia (incorporated in Indonesia).

PT Sinar Meadow International Indonesia operates a margarine manufacturing and distribution business in Indonesia. The Group's investment in the company, together with loans made to the company, were written off in prior years.

During the year, an impairment reversal of $5.5m (2013: $1.3m) of the Group's investment in PT Sinar Meadow International Indonesia was recognised. The Group recognised a gain of $0.2m (2013: $0.1m) on investment in PT Sinar Meadow International Indonesia arising on translation of the Group's share of net assets.

	Ownership interest		**Carrying value of investment**	
	2014 $m	2013 $m	**2014 $m**	2013 $m
PT Sinar Meadow International Indonesia (incorporated in Indonesia)	**50.0%**	50.0%	**11.2**	5.5

	2014 $m	2013 $m
Carrying amount of investment in partnership	**11.2**	5.5

	2014 $m	2013 $m
Joint venture's assets and liabilities		
Current assets	**14.3**	16.2
Non-current assets	**7.8**	5.2
Total assets	**22.1**	21.4
Current liabilities	**5.3**	5.8
Non-current liabilities	**4.4**	4.6
Total liabilities	**9.7**	10.4
Net assets	**12.4**	11.0
Joint venture's revenue, expenses and results		
Revenue	**50.2**	47.1
Expenses	**(46.0)**	(42.5)
Profit before income tax	**4.2**	4.6

40 Reconciliation of profit after income tax to net cash inflow from operating activities

	2014 **$m**	2013 $m
(Loss) / profit for the year	**(398.0)**	109.8
Depreciation and amortisation	**73.1**	66.8
Impairment charge	**358.2**	3.0
Insurance recoveries	**-**	(23.8)
Net (gain) / loss on sale of property, plant and equipment	**4.7**	(4.6)
Net loss / (gain) on disposal of business	**97.3**	(9.1)
Reversal of previous period impairments on joint venture	**(5.7)**	(1.4)
Share-based payments	**1.3**	1.5
FX movement on US private placement	**(9.0)**	28.6
Change in operating assets and liabilities:		
(Increase) / decrease in trade and other receivables	**(2.4)**	53.6
(Increase) in inventories	**(6.4)**	(13.2)
Increase / (decrease) in derivative financial instruments	**9.7**	(30.6)
Decrease in tax receivable	**5.1**	4.6
(Increase) / decrease in deferred tax assets	**(18.5)**	10.6
Decrease / (increase) in other assets	**0.5**	(3.6)
Increase / (decrease) in trade creditors	**29.2**	(25.5)
(Decrease) / increase in current tax liability	**(12.7)**	1.4
(Decrease) / increase in provisions	**(8.6)**	1.6
Increase in deferred tax liabilities	**0.5**	9.0
Net cash inflow (outflow) from operating activities	**118.3**	178.7

41 Non-cash investing and financing activities

The dividend reinvestment plan (DRP) did not apply to any dividends paid in the current or prior year.

42 Events occurring after the reporting period

On 2 July 2014 Goodman Fielder Limited ("Goodman Fielder") announced that it had entered into a Scheme Implementation Deed ("Implementation Deed") with Wilmar International Limited ("Wilmar") and First Pacific Company Limited ("First Pacific") under which Wilmar and First Pacific will acquire all the remaining issued equity in Goodman Fielder that they and their related entities do not already own by way of a scheme of arrangement ("Scheme").

Under the terms of the Scheme, Goodman Fielder shareholders will be entitled to receive A$0.675 cash per share subject to all necessary conditions being satisfied or waived and the Scheme becoming effective. The Scheme also allows for Goodman Fielder to pay a final dividend of A$0.01 per share for the year ended 30 June 2014.

In the absence of a superior proposal and subject to an independent expert concluding that the Scheme is fair and reasonable and in the best interests of Goodman Fielder shareholders, the Board of Goodman Fielder unanimously recommends that Goodman Fielder shareholders vote in favour of the Scheme. Subject to the same qualifications, all the members of the Goodman Fielder Board will vote (or will procure the voting of) all Director Goodman Fielder shares at the time of the Scheme Meeting in favour of the Scheme.

Goodman Fielder has appointed an independent expert to determine whether the Scheme is fair and reasonable and in the best interests of Goodman Fielder shareholders. The independent experts report will be included in a Scheme booklet which is expected to be distributed to shareholders later in the Calendar year.

The implementation of the Scheme is subject to a number of conditions which include the following:

42 Events occurring after the reporting period (continued)

- Goodman Fielder shareholders approving the Scheme at a Scheme Meeting (requiring approval from a majority in number of shareholders who vote and at least 75% of the total number of shares voted);
- all necessary regulatory approvals being obtained, including approval from the Foreign Investment Review Board in Australia, the Overseas Investment Office in New Zealand and the Ministry of Commerce (MOFCOM) in China;
- no material adverse change, 'prescribed occurrence' or regulatory restraint; and
- Court approval of the scheme.

Subject to finalisation of the Scheme, Goodman Fielder will have an obligation in respect of advisory fees relating to the transaction. At balance date the Scheme had not completed and amounts payable can not be reasonably quantified.

Other than stated above, there have been no events subsequent to reporting date which would have a material effect on the Group’s financial statements at 30 June 2014.

43 Earnings per share

(a) Basic earnings per share

	2014 Cents	2013 Cents
Profit/(loss) from continuing operations attributable to the owners of Goodman Fielder Limited	**(20.7)**	4.3
Profit/(loss) from discontinued operations attributable to the owners of Goodman Fielder Limited	**-**	1.0
	(20.7)	5.3

(b) Diluted earnings per share

	2014 Cents	2013 Cents
Profit/(loss) from continuing operations attributable to the owners of Goodman Fielder Limited	**(20.7)**	4.2
Profit/(loss) from discontinued operations attributable to the owners of Goodman Fielder Limited	**-**	1.0
	(20.7)	5.2

(c) Reconciliation of earnings used in calculating earnings per share

	2014 $m	2013 $m
Basic and diluted earnings per share		
Profit attributable to the ordinary equity holders of the Company used in calculating basic earnings per share:		
Loss/profit for the year from continuing operations	**(398.0)**	90.8
Profit for the year from discontinued operation	**-**	19.0
Less: Profit attributable to non-controlling interests	**(7.1)**	(7.3)
	(405.1)	102.5

(d) Weighted average number of shares used as denominator

	2014 Number m	2013 Number m
Weighted average number of ordinary shares (basic)	**1,955.6**	1,955.6
Adjustments for calculation of diluted earnings per share:		
Effect of share rights on issue	**-**	14.1
Weighted average number of ordinary and potential ordinary shares used as the denominator in calculating diluted earnings per share	**1,955.6**	1,969.7

In the current year, the impact of dilutive potential ordinary shares that were in existence during the year was not included as the Group is in a loss position.

44 Parent entity financial information

(a) Summary financial information

As at, and throughout, the financial year ended 30 June 2014 the legal parent entity of the group was Goodman Fielder Limited. The individual financial statements for Goodman Fielder Limited show the following aggregate amounts:

	2014 $m	2013 $m
Balance sheet		
Current assets	**0.1**	3.6
Non-current assets	**2,512.4**	2,841.3
Total assets	**2,512.5**	2,844.9
Current liabilities	**2.4**	-
Non-current liabilities	**4.2**	3.3
Total liabilities	**6.6**	3.3
Net assets	**2,505.9**	2,841.6
Shareholders' equity		
Contributed equity (i)	**2,673.6**	2,673.6
Retained earnings to 30 June 2012	**89.8**	115.4
Retained earnings for the year ended 30 June 2013	**-**	52.6
Retained earnings for the year ended 30 June 2014	**(257.5)**	-
	2,505.9	2,841.6
Profit or loss for the year (ii)	**(257.5)**	(180.9)
Other comprehensive income for the year	**-**	233.5
Total comprehensive income	**(257.5)**	52.6

(i) In the prior year, on 20 June 2013, the parent entity reduced its contributed equity by $233.5 million in accordance with section 258F of the Corporations Act 2001, eliminating the prior year retained loss of the parent entity. This reflected the amount of contributed equity that was not represented by available assets at the time of the reduction. There was no impact on the number of issued shares or on the consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows. This did not result in any gains or losses being recognised in future reporting periods.

(ii) In the current year GFL impaired its investment in Goodman Fielder Consumer Foods Pty Limited ("GFCF") by $338.2 million and Goodman Fielder New Zealand Limited ("GFNZ") by $130.2 million.

The impairment at the GFCF level arose as a result of the sale of the Biscuits business and lower trading performance in the Grocery segment. The impairment at the GFNZ level arose as a result of the sale of the Meats and Pizza businesses and lower trading performance.

In the prior year, the parent entity recognised an impairment of $233.5 million in respect of its investment in the wholly owned subsidiary Goodman Fielder Consumer Foods Pty Limited ("GFCF"). Goodman Fielder Limited's investment in GFCF included $233.5 million attributable to Integro Foods Australia. The impairment at the parent entity level arose as a result of the sale of the Integro Foods Australian business on 2 October 2012, and as such there were no longer any assets or cash flows to support the investment value in the wholly owned subsidiary GFCF.

44 Parent entity financial information (continued)

(b) Guarantees entered into by the parent entity

(i) Financial guarantees

The parent entity has also given unsecured guarantees in respect of:

(i) bank account set off facility of subsidiaries amounting to $10m (2013: $10m);

(ii) receivables purchase agreements of subsidiaries amounting to $102.9m (2013: $99.3m);

(iii) bank loans and facilities of subsidiaries outside Australia and New Zealand amounting to $10.0m (2013: $10.2m);

(iv) bank guarantees of subsidiaries amounting to $6.6m (2013: $5.5m);

(v) commodity futures agreement of subsidiaries amounting to a net asset of $nil (2013: nil);

(vi) International Swap Dealer Association (ISDA) agreements of subsidiaries amounting to $57.4m (2013: $49.1m).

The fair value of these unsecured guarantees of subsidiaries were considered to be immaterial to Goodman Fielder Limited and therefore no liability has been recognised in the financial statements.

(ii) Debt facility guarantee

Goodman Fielder Limited and a number of its trading subsidiaries are party to a debt facility guarantee for the Group treasury entities. The treasury entities are the primary vehicles through which the Group sources its external debt funding in Australia and New Zealand.

Under the provisions of AASB 139 Financial Instruments: Recognition and Measurement as amended by AASB 2005 9, this debt facility guarantee should be accounted for as a Financial Guarantee Contract as detailed in note 1(z) by Goodman Fielder Limited, the parent entity of the Group.

In determining the fair value of the guarantee in respect of these entities Goodman Fielder Limited has given consideration to the following:

• the probability of default or the entities being wound up while the guarantee is still in place;

• the existence of sufficient assets in the entities to meet their debt repayment obligations; and

• the likely timing of the potential winding up of these entities.

The fair value of the debt facility guarantee in respect of the treasury entities is considered to be immaterial to Goodman Fielder Limited and therefore no liability has been recognised in the financial statements.

(iii) Deed of cross guarantee

Goodman Fielder Limited and certain of its Australian subsidiaries are party to a Deed of Cross Guarantee. Under the provisions of AASB 139 Financial Instruments: Recognition and Measurement as amended by AASB 2005 9, a Deed of Cross Guarantee should be accounted for as a Financial Guarantee Contract as detailed in note 1(z) by Goodman Fielder Limited, the parent entity of the Group.

The fair value of the Deed of Cross Guarantee was considered to be immaterial to Goodman Fielder Limited at its inception and at the time of any subsequent amendments, considered to represent the creation of a new deed, and therefore no liability has been recognised in the financial statements.

(c) Contingent liabilities of the parent entity

The parent entity did not have any contingent liabilities as at 30 June 2014 (2013: nil).

(d) Contractual commitments for the acquisition of property, plant or equipment

As at 30 June 2014, the parent entity did not have any contractual commitments for the acquisition of property, plant or equipment (2013: nil).

In the Directors' opinion:

(a) the financial statements and notes set out on pages 49 to 121 are in accordance with the *Corporations Act 2001*, including:
   (i) complying with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements, and
   (ii) giving a true and fair view of the consolidated entity's financial position as at 30 June 2014 and of its performance for the year ended on that date, and

(b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable, and

(c) at the date of this declaration, there are reasonable grounds to believe that the members of the extended closed group identified in note 38 will be able to meet any obligations or liabilities to which they are, or may become, subject by virtue of the deed of cross guarantee described in note 38.

Note 1(a) confirms that the financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board.

The Directors have been given the declarations by the chief executive officer and chief financial officer required by section 295A of the *Corporations Act 2001*.

This declaration is made in accordance with a resolution of Directors.

S Gregg
Director

Christopher R Delaney

CR Delaney
Director
Sydney
13 August 2014

KPMG

Independent auditor's report to the members of Goodman Fielder Limited

Report on the financial report

We have audited the accompanying financial report of Goodman Fielder Limited (the company), which comprises the consolidated statement of financial position as at 30 June 2014, and consolidated income statement and consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year ended on that date, notes 1 to 44 comprising a summary of significant accounting policies and other explanatory information and the directors' declaration of the Group comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' responsibility for the financial report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement whether due to fraud or error. In note 1, the directors also state, in accordance with Australian Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements of the Group comply with International Financial Reporting Standards.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We performed the procedures to assess whether in all material respects the financial report presents fairly, in accordance with the *Corporations Act 2001* and Australian Accounting Standards, a true and fair view which is consistent with our understanding of the Group's financial position and of its performance.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*.

Auditor's opinion

In our opinion:

(a) the financial report of the Group is in accordance with the *Corporations Act 2001*, including:

(i) giving a true and fair view of the Group's financial position as at 30 June 2014 and of its performance for the year ended on that date; and

(ii) complying with Australian Accounting Standards and the Corporations Regulations 2001.

(b) the financial report also complies with International Financial Reporting Standards as disclosed in note 1.

Report on the remuneration report

We have audited the Remuneration Report included in pages 22 to 46 of the directors' report for the year ended 30 June 2014. The directors of the company are responsible for the preparation and presentation of the remuneration report in accordance with Section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with auditing standards.

Auditor's opinion

In our opinion, the remuneration report of Goodman Fielder Limited for the year ended 30 June 2014, complies with Section 300A of the *Corporations Act 2001*.

KPMG

KPMG

Kevin Leighton
Partner

KPMG Sydney

13 August 2014