

11 February 2015

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 31 December 2014 Half Year Report**

I attach the following documents in relation to the half year ended 31 December 2014:

- Appendix 4D – Half Year Report;
- Commentary on results for the period (ASX/NZX Announcement); and
- Half Year Financial Report, including the Directors' Report, Financial Report and Independent Auditor's Review Report.

The attached documents comprise the half year results information required by ASX Listing Rule 4.2A and NZX Main Board Listing Rule 10.3.2. The information should be read in conjunction with the Goodman Fielder Limited 2014 Annual Report.

The analyst briefing in connection with the half year results will follow shortly.

The attached information will be posted to Goodman Fielder's website once released to the market.

Yours sincerely,



**SARA GOLDSTEIN**  
Company Secretary

**GOODMAN FIELDER LIMITED**

**ABN 51 116 399 430**

**Appendix 4D**

**Half year financial report**

Including additional Appendix 4D disclosures

**Period ended 31 December 2014**

**ASX/NZX Code: GFF**

*This information should be read in conjunction with the Goodman Fielder Limited 2014 Annual Report.*

*This report, including the attached documents, contains all of the half year information required by  
ASX Listing Rule 4.2A and NZSX/Main Board Listing Rules 10.3.2 and 10.4.2*

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## HALF YEAR REPORT PERIOD ENDED 31 DECEMBER 2014

### RESULTS FOR ANNOUNCEMENT TO THE MARKET

(All comparisons are to half year ended 31 December 2013)

Name of entity

**GOODMAN FIELDER LIMITED**

**ABN 51 116 399 430**

Reporting period: Half year ended 31 December 2014

	Direction of movement	% Change	2014 \$A Million	2013 \$A Million
Revenue from ordinary activities	Down	5.8%	<b>1,066.4</b>	<b>1,132.2</b>
Revenue from continuing operations	Down	5.8%	<b>1,066.4</b>	<b>1,132.2</b>
(Loss) / Profit from continuing operations after tax attributable to members <sup>(1)</sup>	Up	144.1%	<b>28.6</b>	<b>(64.8)</b>
Net (loss) / profit for the period attributable to members <sup>(1)</sup>	Up	144.1%	<b>28.6</b>	<b>(64.8)</b>
Net tangible asset backing per ordinary share	Up	60.0%	<b>(0.4) cents</b>	<b>(1.0) cents</b>

<sup>(1)</sup> Included in the prior half year is an impairment charge of \$97.3m on goodwill, brand intangibles and other tangible assets held for sale.

### DIVIDENDS

	Amount per security	Australian franked amount per security	New Zealand imputation amount per security
<b>Dividends on ordinary shares</b>			
Interim dividend FY15	Nil	Nil at 30%	Nil at 28%
Final dividend FY14	1.0 cent	100% at 30%	100% at 28%
Interim dividend FY14	1.0 cent	Nil at 30%	Nil at 28%

### EXPLANATION OF RESULTS

Please refer to the attached ASX/NZX Announcement for an explanation of the results.

### OTHER NZX DISCLOSURES

There have been no major changes or trends in the Company's business subsequent to the end of the financial period. There have been no significant changes in the value of assets.

## ASX/NZX ANNOUNCEMENT

11 February 2015

### GOODMAN FIELDER RESULT – HALF YEAR ENDED 31 DECEMBER 2014 (“1HFY15”)

<i>A\$m unless specified</i>	1HFY15	1HFY14	%change
<b><u>NORMALISED</u><sup>1</sup></b>			
<b>REVENUE</b>	<b>1,066.4</b>	1,132.2	(6%)
<b>EBITDA</b>	<b>111.8</b>	114.0	(2%)
<b>EBIT</b>	<b>77.3</b>	77.2	0%
<b>NPAT</b>	<b>29.7</b>	30.1	(1%)
<b>Basic EPS (cents)</b>	<b>1.5</b>	1.5	0%
<b><u>REPORTED</u><sup>2</sup></b>			
<b>EBITDA</b>	<b>110.3</b>	98.5 <sup>3</sup>	12%
<b>EBIT</b>	<b>75.8</b>	(35.6)	313%
<b>NPAT</b>	<b>28.6</b>	(64.8)	144%
<b>Basic EPS (cents)</b>	<b>1.5</b>	(3.3)	145%

### Key Financial Metrics

<i>A\$m unless specified</i>	1HFY15	1HFY14
<b>Net free cash flow</b> <sup>4</sup>	<b>59.2</b>	60.8
<b>Net debt</b> <sup>5</sup>	<b>518.6</b>	549.2
<b>Leverage ratio (times)</b> <sup>6</sup> (Net debt/EBITDA)	<b>2.32</b>	2.13
<b>Interest cover (times)</b> <sup>6</sup> (EBITDA/Net Interest)	<b>4.11</b>	4.30

<sup>1</sup> Normalised result excludes significant items. Refer to last page for basis of preparation of non-IFRS financial information.

<sup>2</sup> Reported result includes significant items. Pre tax significant items for 1HFY15 were (\$1.5m) primarily related to Scheme implementation costs. Pre tax significant items in 1HFY14 included impairment on assets held for sale (\$97.3m); and restructuring costs of (\$15.5m).

<sup>3</sup> Excludes impairment on assets held for sale (\$97.3m).

<sup>4</sup> Net free cash flow represents receipts from customers less payments to suppliers and employees.

<sup>5</sup> Net debt excludes an unrealised FX gain of \$14.5m (1HFY14: gain of \$7.7m) relating to the revaluation of the company's US dollar private placement debt hedge.

<sup>6</sup> Calculated in accordance with the group's debt facility covenants.

## FINANCIAL RESULTS OVERVIEW

- **Normalised earnings in line with prior corresponding period despite challenging trading environment in Australia/New Zealand**
  - Normalised EBIT \$77.3m vs \$77.2m in 1H FY14
  - Earnings and margins being restored in NZ Dairy business on lower raw milk pricing
  - Continued growth in Asia Pacific from improved Fiji Poultry performance – APAC Normalised EBIT up 12%
  - Baking and Grocery markets (Aust/NZ) challenged by promotional price pressure impacting NASP and volume
- **Underlying earnings growth of 5% (ex divestments)**
  - Prior period included EBIT from divested businesses (Biscuits. Meats. Pizza) not recurring in 1H FY15
  - On “like for like” basis (ex divestments) EBIT up 5%
- **Improved reported result reflects minimal significant items vs prior period**
  - Reported NPAT of \$28.6m vs loss of (\$64.8m) in 1H FY14
  - Prior period included after tax impairment and one-off costs re divestments of (\$94.9m)
- **Key operational metrics continue to improve in line with strategic plan**
  - Safety - Rate of Injuries (SIFR) reduced by 41%
  - Quality - level of consumer complaints (CPMUs) steady on prior period
  - Plant Reliability – Continuous Improvement program progressing across Bakery manufacturing network
- **Continued focus on capital management**
  - Net Debt in line with expectations - down 6% on prior corresponding period
  - Successful refinancing of NZ Notes extends debt maturity profile
- **Update on Scheme of Arrangement with Wilmar/First Pacific**
  - Independent Expert confirms that half year results have not affected its conclusion that the Scheme is in the best interests of non-associated Goodman Fielder shareholders
  - Scheme meeting scheduled for 26 February 2015

## COMMENTARY ON RESULTS

Chief Executive Officer, Chris Delaney, said while it was pleasing to see earnings recovery in the New Zealand Dairy business and continued growth in the Asia Pacific business, the half year result reflected the ongoing challenging retail trading environment in Australia and New Zealand.

“Trading conditions, particularly in the Baking and Grocery segments continue to be challenged by significant pricing pressure across several of our core categories,” he said.

“In Baking, we significantly increased market share in our power brands in Australia and New Zealand from strengthened brand equity, product reformulation and innovation. However, net average selling prices were lower due to the very competitive pricing environment, particularly from increased promotional pricing in the fresh loaf category.

“In response, we are working with our major retail customers to move our major brands in Australia from high/low promotional pricing to everyday low pricing which we believe will provide a better longer term value proposition by restoring consumer confidence in branded pricing, better align demand with production and enhance value in the category.

“Our Grocery business continues to be impacted by strong price competition in the spreads, flour and cake mix categories, which more than off-set the improved result in dressings and mayonnaise where our Praise brand continued to lead the category by recording its highest ever market share during the period.

“While we continued to face challenging headwinds in Baking and Grocery, our margins in New Zealand Dairy recovered from the lower farmgate milk price following the record increase which significantly depressed earnings last year.

“Meanwhile, the growth momentum from our Asia Pacific business in the prior year continued in the first half of FY15 with earnings up 12 per cent on the prior corresponding period.

“The improved results from the NZ Dairy and Asia Pacific businesses resulted in overall Group earnings being in line with the first half of FY14,” Mr Delaney said.

## GROUP FINANCIAL RESULTS

### Normalised Results

Revenue decreased by 6 per cent, reflecting the fact that the prior period included \$56 million in revenue from divested businesses (Biscuits, Meats, Pizza) not recurring in 1HFY15 and also lower dairy pricing related to the lower farmgate milk price in New Zealand.

Normalised EBITDA was 2 per cent lower than the previous corresponding period, impacted by difficult trading conditions in Grocery and Baking, mostly offset by improved earnings in Dairy and Asia Pacific and lower corporate costs following restructuring initiatives implemented in the fourth quarter of FY14.

Normalised EBIT of \$77.3m was steady compared to 1HFY14 EBIT of \$77.2 million. On a ‘like for like’ basis (excluding EBIT from divested businesses), underlying EBIT for the first half was 5 per cent higher than the prior corresponding period.

Normalised net profit after tax of \$29.7 million was 1 per cent lower than the prior period (1HFY14: \$30.1m). Net interest expense was 2.5 per cent higher than the prior period due in part to one-off costs associated with the successful refinancing of the company’s New Zealand retail bonds in October 2014.

The normalised effective tax rate was 25.9 per cent, consistent with the prior period of 26.0 per cent.

## Reported Results

Goodman Fielder reported net profit after tax of \$28.6 million compared to a statutory loss in the previous corresponding period of (\$64.8) million. After tax significant items of (\$1.1) million related primarily to costs associated with the Scheme of Arrangement with Wilmar/First Pacific. The prior period included after-tax significant items of (\$94.9) million, including impairment on assets held for sale and restructuring costs.

## Capital Management

Net debt at 31 December 2014 was \$518.6 million, 6 per cent lower than 31 December 2013 but 8 per cent higher than 30 June 2014 (\$481.2 million). The increase from 30 June was due predominantly to the revaluation of NZ\$ denominated debt as a result of the lower A\$/NZ\$ exchange rate during the period.

Goodman Fielder continues to operate comfortably within its banking covenants, with a leverage ratio (Net debt/EBITDA) of 2.32 times and interest cover ratio (EBITDA/Net Interest) of 4.11 times.

In October 2014, Goodman Fielder extended its debt maturity profile with the successful refinancing of its NZ\$250 retail bonds with a three-year bank debt facility of NZ\$250 million maturing in October 2017, which can be drawn in either A\$ or NZ\$.

## DIVIDEND

As detailed in the Scheme Booklet in relation to the Scheme of Arrangement with Wilmar and First Pacific, the Scheme Implementation Deed does not permit Goodman Fielder to pay any further dividends after the \$0.01 final dividend for FY14 which was paid on 1 October 2014.

## DIVISIONAL PERFORMANCE

### Baking

<i>A\$m unless specified</i>	<b>1HFY15</b>	<b>1HFY14</b>	<b>Variance</b>
<b>Revenue</b>	<b>456.8</b>	461.8	(1%)
<b>EBIT(Normalised)*</b>	<b>9.1</b>	19.9	(54%)
<b>EBIT Margin*</b>	<b>2.0%</b>	4.3%	(54%)
<b>Capital Expenditure</b>	<b>15.8</b>	18.0	(12%)

Note: (\*) Represents EBIT before restructuring costs as per note 4 'segment information' in the 31 December 2014 financial report.

**The Baking segment in Australia and New Zealand remains challenged by significant pricing pressure in the fresh loaf segment leading to reduced net average selling prices during the period. According to ABS CPI data, average bread prices in Australia decreased by 3.5 per cent from June to December 2014.**

Goodman Fielder continued to increase its market share across the fresh loaf category in Australia and New Zealand from strengthened brand equity and successful demand creation initiatives such as product reformulation and innovation for its power brands in Australia and New Zealand (Helga's, Wonder White, Freya's and Vogel's).

Despite these share gains, net average selling prices were lower than the previous corresponding period from increased promotional pricing in response to significant price competition in the fresh



loaf category (private label and proprietary). In New Zealand, major supermarket shelf prices for private label fresh loaf reduced from NZ\$1.48 to NZ\$1.00, while more recently in Australia, private label fresh loaf was reduced in major supermarkets from \$1 to 85 cents.

As a result, revenue declined by 1 per cent to \$456.8 million, following the 3 per cent decrease in net average selling prices across Australia and New Zealand.

Normalised EBIT was \$9.1 million compared to \$19.9 million in the previous corresponding period, reflecting the decline in revenue and slightly higher commodity, labour and freight/logistics costs.

Reliability across the company's Baking manufacturing network progressed during the period with no major disruptions to operations following the implementation of the continuous improvement plan targeting increased production efficiency and run rates.

In response to the impact of increased promotional pricing in the fresh loaf category in Australia, Goodman Fielder has collaborated with its major retail customers to move its Australian power brands from "high/low" promotional pricing to "everyday low pricing".

Goodman Fielder believes this strategy will be value accretive by restoring the integrity of shelf pricing to consumers and reducing the level of promotional price funding in the category. It also better aligns the delivery of fresh product to store with consumption patterns and moves the focus from price/discounts to product, marketing and brand equity.

## Grocery

<i>A\$m unless specified</i>	<b>1HFY15</b>	<b>1HFY14</b>	<b>Variance</b>
<b>Revenue</b>	<b>201.8</b>	251.5	(20%)
<b>EBIT (Normalised)*</b>	<b>24.0</b>	27.7	(13%)
<b>EBIT Margin*</b>	<b>11.9%</b>	11.0%	8%
<b>Capital Expenditure</b>	<b>1.0</b>	3.2	(69%)

Notes: (\*) Represents EBIT before restructuring costs as per note 4 'segment information' in the 31 December 2014 financial report

**Retail trading conditions in the Grocery division, particularly in Australia, continued to be difficult, which impacted earnings compared to the prior corresponding period.**

While Grocery revenue declined by 20 per cent, to \$201.8 million, the previous corresponding period included revenue from the Biscuits business which was sold in February 2014. On a 'like for like' basis (excluding Biscuits) Grocery revenue was 6 per cent lower than the prior corresponding period.

Volumes in spreads, edible oils and cake mix were lower from ongoing price competition from both private label and branded competitors in Australia. In dressings and mayonnaise, the Praise brand in Australia continued to lead the category and recorded its highest ever market share, driven primarily by growth in whole egg mayonnaise and aioli campaigns.

Volumes in New Zealand were slightly below the prior period.

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

Normalised EBIT declined by 13 per cent on the prior period, impacted by the continued poor performance of the spreads business in Australia, only partially offset by the improved performance in dressings and mayonnaise. On a 'like for like' basis (excluding Biscuits) EBIT was 7 per cent lower than the prior corresponding period.

EBIT margin improved by 8 per cent, following the divestment of the lower-margin Biscuits business.

## Dairy

<i>A\$m unless specified</i>	1HFY15	1HFY14	Variance
<b>Revenue</b>	<b>221.9</b>	234.6	(5%)
<b>EBIT (Normalised)*</b>	<b>18.8</b>	10.8	74%
<b>EBIT Margin*</b>	<b>8.5%</b>	4.6%	85%
<b>Capital Expenditure</b>	<b>8.2</b>	5.8	41%

Note: (\*) Represents EBIT before restructuring costs as per note 4 'segment information' in the 31 December 2014 financial report

**Goodman Fielder's Dairy business in New Zealand recorded an improved result as margins started to recover from lower input costs compared to the record high farmgate milk price in FY14.**

Volumes were slightly lower than the prior period, which included volumes from the Meats business which was divested in March 2014.

The published farmgate milk price, which is a key determinant of Goodman Fielder's product cost, has reduced from its record highs of the prior year. As a result, margins in the Dairy business started to recover in the first half of FY15 which assisted in an improved financial performance.

Normalised EBIT increased from \$10.8 million to \$18.8 million, despite a decrease in revenue of 5 per cent, reflecting lower retail milk pricing relating to the reduced farmgate milk price. However, this increase in EBIT recovers less than half of the earnings reduction in the prior year due to the higher farmgate milk price in FY14.

Direct Marketing Expenditure increased slightly supporting the re-launch of the Meadow Fresh brand in New Zealand.

Capital expenditure increased by 41 per cent, primarily related to the expansion and upgrade of the company's UHT milk plant in Christchurch, New Zealand, increasing capacity to meet expected growth opportunities across the Asia Pacific region.

## Asia Pacific

<i>A\$m unless specified</i>	1HFY15	1HFY14	Variance
<b>Revenue</b>	<b>185.9</b>	184.3	1%
<b>EBIT (Normalised)*</b>	<b>35.5</b>	31.7	12%
<b>EBIT Margin*</b>	<b>19.1%</b>	17.2%	11%
<b>Capital Expenditure</b>	<b>2.4</b>	5.6	(57%)

Note: (\*) Represents EBIT before restructuring costs as per note 4 'segment information' in the 31 December 2014 financial report

**The Asia Pacific business continued to deliver earnings growth from improved operational metrics in Fiji poultry and increased contribution from Papua New Guinea.**

While overall volume declined 10 per cent, volumes in the core categories of poultry (Fiji) and flour (PNG) increased on the prior corresponding period.

Despite lower overall volume, revenue increased by 1 per cent to \$185.9 million from improved net average selling price and mix in Fiji and increased pricing in Papua New Guinea.

In Fiji, the company has successfully addressed the capacity issue which impacted prior year performance of the poultry business. Key operational metrics (mortality rates and processing yield) have improved significantly on the prior period, assisting in overall earnings improvement.

Normalised EBIT was 12 per cent above the prior corresponding period, reflecting improved revenue and gross margin and continued cost discipline across all regions.

Direct Marketing Expenditure was slightly higher than the prior period while capital expenditure in the first half was lower, reflecting phasing of some projects into the second half.

## **FY15 OUTLOOK**

The outlook for retail trading conditions, particularly in the Baking and Grocery segments in Australia and New Zealand, remains challenging with continuing competitive pressure on pricing and volumes.

“In response, our initial priority is to address the impact that increased promotional pricing has had on the fresh loaf segment by moving our power brands in Australia to everyday low pricing,” said Mr Delaney.

“We are continuing to work with our major retail customers to implement a value accretive mechanism which reduces the level of promotional pricing to restore the integrity of on-shelf pricing for consumers.

“Additionally, we continue to collaborate with the trade on implementing a supply chain solution to capture greater cost efficiencies and improve on-shelf availability in the daily fresh delivery model in Australian Baking. We believe the everyday low pricing strategy will maximise the benefits of this more efficient delivery model.

“In an overall sense, we continue to refine our strategy to meet the current market conditions while continuing to invest to build the company’s competitive position for the longer term,” he said.

## **UPDATE ON SCHEME OF ARRANGEMENT**

Goodman Fielder advised on 12 December 2014 that the Australian Securities and Investments Commission had registered the scheme booklet in relation to the proposed acquisition of Goodman Fielder by Wilmar International Limited and First Pacific Company Limited via a Scheme of Arrangement (“Scheme”).

A copy of the scheme booklet, which includes an independent expert’s report and a notice of Scheme meeting, was sent to Goodman Fielder shareholders on 22 December 2014.

If the Scheme is approved by Goodman Fielder shareholders (other than certain excluded shareholders) at the Scheme meeting on 26 February 2015 and all other conditions precedent are satisfied or waived (as applicable), Goodman Fielder shareholders will receive a payment of A\$0.675 cash per share.

The independent expert, Deloitte Corporate Finance Pty Limited, has concluded that the Scheme is fair and reasonable and therefore in the best interests of Goodman Fielder shareholders (other than certain excluded shareholders).

Goodman Fielder advises that the independent expert has reviewed the 2015 half year financial results. Following this review, Deloitte has confirmed that the results have not affected its conclusion that the scheme of arrangement between Goodman Fielder and a class of its shareholders (“Scheme Shareholders”) is in the best interests of Goodman Fielder’s shareholders.

In making this confirmation, Deloitte has not reviewed any other additional information nor has it updated its report contained in Annexure 2 to the scheme booklet dated 12 December 2014 in relation to the scheme of arrangement, which has been dispatched to Scheme Shareholders.

The Board of Goodman Fielder believes that the Scheme is in the best interests of Goodman Fielder Shareholders (not including Excluded shareholders) and unanimously recommends that shareholders vote in favour of the Scheme (in the absence of a superior proposal) at the Scheme meeting on 26 February 2015.

\* \* \* \* \*

**For further information contact:**

Martin Cole  
Director, Corporate Affairs  
+61 2 8899 7272

***Basis of Preparation: Normalised EBIT, EBITDA, EPS and NPAT are non-IFRS measures that reflect, in the opinion of the Directors, the ongoing operating activities of Goodman Fielder 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.***

***KPMG has undertaken a set of agreed procedures to agree that certain historical financial information contained in this announcement corresponds to the underlying Goodman Fielder financial information. These procedures do not constitute a review or an audit.***

***Certain statements contained in this announcement 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 announcement. These statements are subject to risks and uncertainties. Actual results may differ materially from any future results or performance expressed, predicted or implied by the statements contained in this announcement.***

***Goodman Fielder is Australasia's leading listed food company. The company has an excellent portfolio of well known consumer brands in some of Australia's, New Zealand's and Asia Pacific's largest grocery categories, including MeadowLea, Praise, White Wings, Pampas, Mighty Soft, Helga's, Wonder White, Vogel's (under licence), Meadow Fresh, Irvines, Flame and Crest. Our products cover every meal, including breakfast, lunch, dinner and snacks. We produce bread, milk, cheese, yoghurt, margarine, flour, dressings, condiments, mayonnaise, frozen pastry, cake mix, desserts, sauces, vinegar and cooking oils.***

**Goodman Fielder Limited**  
**Half year financial report**  
**For the period ended 31 December 2014**

ABN 51 116 399 430

# **Goodman Fielder Limited** ABN 51 116 399 430

## **Half year financial report - 31 December 2014**

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## **Directors' Report**

The Directors of Goodman Fielder Limited (the Company) present their report together with the consolidated half year financial report for the period ended 31 December 2014.

### **Directors**

The board of Directors of the Company currently consists of eight Directors - the Chairman, six independent non-executive Directors and the Managing Director. The following persons were Directors of the Company holding office during the financial period and up to the date of this report:

#### **Non-executive**

S Gregg - Chairperson  
I G Cornell  
J A Dawson  
C J Froggatt  
P R Hearl  
C A Hooke  
I D Johnston

#### **Executive**

C R Delaney - Managing Director and Chief Executive Officer

### **Review of operations**

Despite earnings recovery in the New Zealand Dairy business and continued growth in the Asia Pacific business, the half year result reflected the ongoing challenging retail trading environment in Australia and New Zealand.

Trading conditions, particularly in the Baking and Grocery segments, continue to be challenged by significant pricing pressure across several of the Company's core categories.

The Baking business significantly increased its market share in its power brands in Australia and New Zealand from strengthened brand equity, product reformulation and innovation. However, net average selling prices were lower due to the very competitive pricing environment, particularly from increased promotional pricing in the fresh loaf category.

In response, the Company is working with its major retail customers to move its major brands in Australia from high/low promotional pricing to everyday low pricing, which the Company believes will provide a better longer term value proposition by restoring consumer confidence in branded pricing, better align demand with production and enhance value in the category.

The Company's Grocery business continues to be impacted by strong price competition in the spreads, flour and cake mix categories, which more than off-set the improved result in dressings and mayonnaise, where the Praise brand continued to lead the category by recording its highest ever market share during the period.

Although the Company continued to face challenging headwinds in its Baking and Grocery businesses, the margins in the Company's New Zealand Dairy business recovered from the lower farmgate milk price following the record increase which significantly depressed earnings last year. However, this increase in EBIT recovers less than half of the earnings reduction in the prior year due to the higher farmgate milk price in the 2014 financial year.

## Review of operations (continued)

The growth momentum from the Company's Asia Pacific business in the prior year continued in the first half of the 2015 financial year, with normalised EBIT<sup>(i)</sup> up 12 per cent on the prior corresponding period.

The improved results from the New Zealand Dairy and Asia Pacific businesses resulted in overall earnings for the half year being in line with the first half of the 2014 financial year. However, on a 'like for like' basis (excluding EBIT from non-core businesses (Biscuits, Meats and Pizza) which were divested in the first quarter of calendar 2014), underlying EBIT for the first half was 5 per cent higher than the prior corresponding period.

## Financial Results

Revenue decreased by 6 per cent, reflecting the fact that the prior period included \$56 million in revenue from divested businesses (Biscuits, Meats, Pizza) not recurring in the current period and also lower dairy pricing related to the lower farmgate milk price in New Zealand.

Net interest expense was 2.5 per cent higher than the prior period due in part to one-off costs associated with the successful refinancing of the Company's New Zealand retail bonds in October 2014.

The normalised effective tax rate was 25.9 per cent, consistent with the prior period of 26.0 per cent.

The Company reported net profit after tax of \$28.6 million compared to a statutory loss in the previous corresponding period of (\$64.8) million. After tax significant items of (\$1.1) million related primarily to costs associated with the Scheme of Arrangement with Wilmar International Limited ("Wilmar") and First Pacific Company Limited ("First Pacific"). The prior period included after-tax significant items of (\$94.9) million including impairment on assets held for sale and restructuring costs.

Normalised EBITDA<sup>(i)</sup> (which excludes significant items) was 2 per cent lower than the previous corresponding period, impacted by difficult trading conditions in the Grocery and Baking businesses, mostly offset by improved earnings in the Dairy and Asia Pacific businesses and lower corporate costs following restructuring initiatives implemented in the fourth quarter of the 2014 financial year.

Normalised EBIT<sup>(i)</sup> of \$77.3m was in line with EBIT of \$77.2 million in the first half of the 2014 financial year. On a 'like for like' basis (excluding EBIT from divested businesses), underlying EBIT for the first half was 5 per cent higher than the prior corresponding period.

Normalised net profit after tax<sup>(i)</sup> of \$29.7 million was 1 per cent lower than the prior corresponding period (1HFY14: \$30.1 million).

(i) Normalised EBIT, EBITDA 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. The normalised result excludes significant items. Pre tax significant items for the half year ended 31 December 2014 were (\$1.5 million) primarily related to Scheme implementation costs. Pre tax significant items in the prior corresponding period included impairment on assets held for sale of (\$97.3 million); and restructuring costs of (\$15.5 million).



## **Capital Management**

Net debt<sup>(ii)</sup> at 31 December 2014 was \$518.6 million, 6 per cent lower than 31 December 2013 but 8 per cent higher than 30 June 2014 (\$481.2 million). The increase from 30 June 2014 was due predominantly to the revaluation of NZ\$ denominated debt as a result of the lower A\$/NZ\$ exchange rate during the period.

The Company continues to operate comfortably within its banking covenants, with a leverage ratio (Net debt/EBITDA) of 2.32 times<sup>(iii)</sup> and interest cover ratio (EBITDA/Net Interest) of 4.11 times<sup>(iii)</sup>.

In October 2014, the Company extended its debt maturity profile with the successful refinancing of its NZ\$250 retail bonds with a three-year bank debt facility of NZ\$250 million maturing in October 2017, which can be drawn in either A\$ or NZ\$.

## **Dividend**

As detailed in the Scheme Booklet in relation to the Scheme of Arrangement with Wilmar and First Pacific, the Scheme Implementation Deed does not permit the Company to pay any further dividends after the \$0.01 final dividend for the year ended 30 June 2014, which was paid on 1 October 2014.

## **Scheme of Arrangement**

The Company advised on 12 December 2014 that the Australian Securities and Investments Commission had registered the scheme booklet in relation to the proposed acquisition of the Company by Wilmar and First Pacific via a Scheme of Arrangement ("Scheme").

A copy of the Scheme booklet, which includes an independent expert's report and a notice of Scheme meeting, was sent to the Company's shareholders on 22 December 2014.

If the Scheme is approved by shareholders (other than certain excluded shareholders) at the Scheme meeting on 26 February 2015 and all other conditions precedent are satisfied or waived (as applicable), shareholders will receive a payment of A\$0.675 cash per share.

The independent expert, Deloitte Corporate Finance Pty Limited ("Deloitte"), has concluded that the Scheme is fair and reasonable and therefore in the best interests of the Company's shareholders (other than certain excluded shareholders).

The Company's Board of Directors believes that the Scheme is in the best interests of shareholders (not including certain excluded shareholders) and unanimously recommends that shareholders vote in favour of the Scheme (in the absence of a superior proposal) at the Scheme meeting on 26 February 2015.

<sup>(ii)</sup> Net debt excludes an unrealised foreign exchange gain of \$14.5 million (1HFY14: gain of \$7.7 million) relating to the revaluation of the Company's US\$ private placement debt hedge.

<sup>(iii)</sup> Calculated in accordance with the Group's debt facility covenants.

**Auditor's independence declaration**

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 5.

**Rounding of amounts**

The Company is of a kind referred to in ASIC Class Order 98/100, dated 10 July 1998 and, in accordance with that Class Order, amounts in the half year financial report and Directors' report have been rounded off to the nearest tenth of a million dollars, unless otherwise stated.

This report is made in accordance with a resolution of Directors.

A large, stylized handwritten signature in blue ink, appearing to read 'S Gregg'.

S Gregg  
Chairman

A large, stylized handwritten signature in blue ink, appearing to read 'Christopher L Delaney'.

CR Delaney  
Managing Director and Chief Executive Officer

Sydney  
11 February 2015



***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 review for the financial half-year ended 31 December 2014 there have been:

- (i) no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the review; and
- (ii) no contraventions of any applicable code of professional conduct in relation to the review.

KPMG

Kevin Leighton  
*Partner*

Sydney

11 February 2015

**Goodman Fielder Limited**  
**Consolidated Income Statement**  
For the period ended 31 December 2014

		<b>Consolidated entity</b>	
	Notes	<b>31 December 2014</b>	31 December 2013
		<b>\$m</b>	<b>\$m</b>
Revenue		<b>1,066.4</b>	1,132.2
Other income		<b>1.7</b>	3.9
Cost of sales of goods		<b>(678.1)</b>	(734.4)
Warehouse and distribution expenses		<b>(163.1)</b>	(164.8)
Selling and marketing expenses		<b>(93.9)</b>	(101.4)
General and administration expenses (i)		<b>(57.2)</b>	(73.8)
Other (ii)		<b>-</b>	(97.3)
		<b>(992.3)</b>	(1,171.7)
Net finance costs		<b>(32.2)</b>	(31.4)
<b>Profit/(loss) before income tax</b>		<b>43.6</b>	(67.0)
Income tax (expense)/credit	5	<b>(11.3)</b>	6.0
<b>Profit/(loss) for the period</b>		<b>32.3</b>	(61.0)
Profit/(loss) is attributable to:			
Owners of Goodman Fielder Limited		<b>28.6</b>	(64.8)
Non-controlling interests		<b>3.7</b>	3.8
		<b>32.3</b>	(61.0)
		<b>Cents</b>	Cents
<b>Earnings per share for profit / (loss) attributable to the owners of the Company:</b>			
Basic earnings per share	12	<b>1.5</b>	(3.3)
Diluted earnings per share	12	<b>1.4</b>	(3.3)

(i) Included in the prior half year is a provision of \$7.8m for the site closure of Frankton Meats.

(ii) Included in the prior half year is an impairment charge of \$97.3m on goodwill, brand intangibles and other tangible assets held for sale.

*The above Consolidated Income Statement should be read in conjunction with the accompanying notes.*

**Goodman Fielder Limited**  
**Consolidated Statement of Profit or Loss and Other Comprehensive Income**  
**For the period ended 31 December 2014**

	<b>Consolidated entity</b>	
	<b>31 December</b>	31 December
	<b>2014</b>	2013
	<b>\$m</b>	\$m
<b>Profit/(loss) for the period</b>	<b>32.3</b>	(61.0)
<b>Other comprehensive income, net of tax</b>		
<i>Items that may be reclassified subsequently to profit or loss:</i>		
Effective portion of changes in the fair value of cash flow hedges	(2.6)	6.2
Foreign exchange translation differences	41.7	76.0
Other	(0.2)	-
Exchange differences on non-controlling interest	0.2	(0.2)
<b>Total items that may be reclassified subsequently to profit or loss, net of tax</b>	<b>39.1</b>	82.0
<b>Other comprehensive income for the period, net of tax</b>	<b>39.1</b>	82.0
<b>Total comprehensive income for the period</b>	<b>71.4</b>	21.0
Attributable to:		
Owners of Goodman Fielder Limited	67.5	17.4
Non-controlling interests	3.9	3.6
<b>Total comprehensive income for the period</b>	<b>71.4</b>	21.0

*The above Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the accompanying notes.*

**Goodman Fielder Limited**  
**Consolidated Statement of Financial Position**  
**As at 31 December 2014**

	Notes	Consolidated entity 31 December 2014 \$m	30 June 2014 \$m
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents		148.5	194.4
Trade and other receivables		154.6	156.3
Inventories		137.5	122.9
Current tax receivables		1.6	4.0
Other current assets		21.1	13.3
Assets classified as held for sale		1.7	1.7
<b>Total current assets</b>		<b>465.0</b>	<b>492.6</b>
<b>Non-current assets</b>			
Investments in jointly controlled entities	10	13.1	11.2
Property, plant and equipment		481.4	471.2
Deferred tax assets		67.8	65.6
Intangible assets		1,200.3	1,171.3
Other non-current assets		2.1	1.3
<b>Total non-current assets</b>		<b>1,764.7</b>	<b>1,720.6</b>
<b>Total assets</b>		<b>2,229.7</b>	<b>2,213.2</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables		232.4	265.1
Borrowings		0.5	1.0
Derivative financial instruments		15.0	13.9
Current tax liabilities		0.9	3.7
Provisions		54.2	52.6
<b>Total current liabilities</b>		<b>303.0</b>	<b>336.3</b>
<b>Non-current liabilities</b>			
Borrowings		681.1	641.7
Derivative financial instruments		2.4	44.9
Deferred tax liabilities		28.9	28.7
Provisions		21.0	20.6
<b>Total non-current liabilities</b>		<b>733.4</b>	<b>735.9</b>
<b>Total liabilities</b>		<b>1,036.4</b>	<b>1,072.2</b>
<b>Net assets</b>		<b>1,193.3</b>	<b>1,141.0</b>
<b>Equity</b>			
Contributed equity		2,065.0	2,065.0
Other reserves		(68.8)	(108.4)
Accumulated losses		(815.0)	(823.8)
<b>Capital and reserves attributable to owners of Goodman Fielder Limited</b>		<b>1,181.2</b>	<b>1,132.8</b>
Non-controlling interests		12.1	8.2
<b>Total equity</b>		<b>1,193.3</b>	<b>1,141.0</b>

*The above Consolidated Statement of Financial Position should be read in conjunction with the accompanying notes.*

**Goodman Fielder Limited**  
**Consolidated Statement of Changes in Equity**  
**For the period ended 31 December 2014**

Consolidated entity	Attributable to owners of Goodman Fielder Limited					Non-con		Total equity \$m
	Contributed equity \$m	Hedging reserve \$m	Foreign currency translation \$m	Share- based payments \$m	Accumulated losses \$m	Total \$m	trolling interests \$m	
<b>Balance at 1 July 2014</b>	2,065.0	(19.8)	(92.0)	3.4	(823.8)	1,132.8	8.2	1,141.0
Profit for the half year	-	-	-	-	28.6	28.6	3.7	32.3
Other comprehensive income for the half year	-	(2.6)	41.7	-	(0.2)	38.9	0.2	39.1
<b>Total comprehensive income for the period</b>	-	(2.6)	41.7	-	28.4	67.5	3.9	71.4
<b>Transactions with owners in their capacity as owners:</b>								
Dividends provided for or paid	-	-	-	-	(19.6)	(19.6)	-	(19.6)
Share based payment transactions	-	-	-	0.5	-	0.5	-	0.5
<b>Balance at 31 December 2014</b>	<b>2,065.0</b>	<b>(22.4)</b>	<b>(50.3)</b>	<b>3.9</b>	<b>(815.0)</b>	<b>1,181.2</b>	<b>12.1</b>	<b>1,193.3</b>
 <b>Balance at 1 July 2013</b>	 2,065.0	 (17.7)	 (162.0)	 2.1	 (339.2)	 1,548.2	 4.1	 1,552.3
Loss for the half year	-	-	-	-	(64.8)	(64.8)	3.8	(61.0)
Other comprehensive income for the half year	-	6.2	76.0	-	-	82.2	(0.2)	82.0
<b>Total comprehensive income for the period</b>	-	6.2	76.0	-	(64.8)	17.4	3.6	21.0
<b>Transactions with owners in their capacity as owners:</b>								
Dividends provided for or paid	-	-	-	-	(58.7)	(58.7)	-	(58.7)
Share based payment transactions	-	-	-	0.8	-	0.8	-	0.8
<b>Balance at 31 December 2013</b>	<b>2,065.0</b>	<b>(11.5)</b>	<b>(86.0)</b>	<b>2.9</b>	<b>(462.7)</b>	<b>1,507.7</b>	<b>7.7</b>	<b>1,515.4</b>

*The above Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying notes.*

**Goodman Fielder Limited**  
**Consolidated Statement of Cash Flows**  
**For the period ended 31 December 2014**

		<b>Consolidated entity</b>	
	Notes	<b>31 December 2014 \$m</b>	<b>31 December 2013 \$m</b>
<b>Cash flows from operating activities</b>			
Receipts from customers		<b>1,140.2</b>	1,200.7
Payments to suppliers and employees		<b>(1,081.0)</b>	(1,139.9)
Interest received		<b>1.7</b>	2.9
Interest paid		<b>(32.9)</b>	(34.1)
Income taxes paid		<b>(12.0)</b>	(23.8)
<b>Net cash inflow from operating activities</b>		<b>16.0</b>	5.8
<b>Cash flows from investing activities</b>			
Payments for property, plant, equipment and intangibles		<b>(29.8)</b>	(37.6)
Proceeds from sale of property, plant and equipment		<b>0.5</b>	-
<b>Net cash (outflow) from investing activities</b>		<b>(29.3)</b>	(37.6)
<b>Cash flows from financing activities</b>			
Proceeds from borrowings	6	<b>233.3</b>	-
Repayment of borrowings	6	<b>(251.2)</b>	(191.1)
Finance lease payments		<b>(0.3)</b>	(0.6)
Dividends paid to company's shareholders	7	<b>(19.6)</b>	(58.7)
<b>Net cash (outflow) from financing activities</b>		<b>(37.8)</b>	(250.4)
<b>Net (decrease) in cash and cash equivalents</b>		<b>(51.1)</b>	(282.2)
Cash and cash equivalents at the beginning of the financial year		<b>194.4</b>	403.1
Effects of exchange rate changes on cash and cash equivalents		<b>5.2</b>	6.5
<b>Cash and cash equivalents at end of period</b>		<b>148.5</b>	127.4

*The above Consolidated Statement of Cash Flows should be read in conjunction with the accompanying notes.*



## **1 Summary of significant accounting policies**

Goodman Fielder Limited is a Company domiciled in Australia.

This consolidated interim financial report comprises the financial statements of Goodman Fielder Consumer Foods Pty Limited, as the accounting parent, and its deemed subsidiaries (together referred to as the Group) for the six months ended 31 December 2014. The financial report is presented in the Australian currency.

The consolidated interim financial report was authorised for issue by the Directors on 11 February 2015.

## **2 Basis of preparation of half year report**

### **(a) Statement of compliance with IFRS**

This consolidated interim half year financial report for the half-year reporting period ended 31 December 2014 has been prepared in accordance with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001* and with IAS 34 *Interim Financial Reporting*.

This interim half year financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the period 30 June 2014 and any public announcements made by Goodman Fielder Limited during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

### **(b) Basis of measurement**

These financial statements have been prepared under the historical cost basis except for derivative financial instruments and assets classified as held for sale which are stated at their fair value.

### **(c) Accounting judgements, estimates and assumptions**

In preparing these financial statements management exercises its judgement in the process of applying the Group's accounting policies.

The estimates and underlying assumptions are reviewed on an ongoing basis. 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. Consistent with the 30 June 2014 Financial Report, 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:

- Impairment of goodwill and intangibles with indefinite useful lives; and
- Utilisation of tax losses and credit.

There have been no significant changes since 30 June 2014 in the bases upon which estimates have been determined.

### **(d) Accounting policies**

The accounting policies adopted are consistent with those applied by the Group in its financial report as at and for the year ended 30 June 2014.

### 3 Financial risk management

The financial risk management policies adopted are consistent with those applied by the Group in its financial report as at and for the year ended 30 June 2014.

The Group holds the following financial assets and liabilities:

#### Consolidated entity

	<b>31 December 2014 \$m</b>	30 June 2014 \$m	<b>31 December 2014 \$m</b>	30 June 2014 \$m
	<b>Fair value</b>	Fair value	<b>Carrying value</b>	Carrying value
<b>Financial assets</b>				
Cash and cash equivalents (i)	-	-	<b>148.5</b>	194.4
Trade and other receivables (i)	-	-	<b>154.6</b>	156.3
	-	-	<b>303.1</b>	<b>350.7</b>
<b>Financial liabilities</b>				
Trade and other payables (i)	-	-	<b>244.3</b>	265.1
Borrowings (i) (iii)	<b>681.6</b>	647.7	<b>681.6</b>	642.7
Derivative financial instruments (ii)	<b>17.4</b>	58.8	<b>17.4</b>	58.8
	<b>699.0</b>	<b>706.5</b>	<b>943.3</b>	<b>966.6</b>

(i) Not measured at fair value

(ii) Measured at fair value

(iii) As at 30 June 2014, the New Zealand retail notes were recognised at amortised cost, however as they were listed on the New Zealand debt exchange, fair value could differ from the carrying value recognised. The New Zealand retail notes were repaid on 24 October 2014. Refer Note 6.

### 3 Financial risk management (continued)

#### Fair value measurements

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

AASB 7 *Financial Instruments: Disclosures* requires disclosure of fair value measurements by level of the following fair value measurement hierarchy:

- (a) Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities
- (b) Level 2: 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), and
- (c) Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The following table presents the Group's assets and liabilities measured and recognised and/or disclosed at fair value at 31 December 2014 and 30 June 2014:

#### At 31 December 2014

	Level 1 \$m	Level 2 \$m	Level 3 \$m	Total \$m
<b>Liabilities</b>				
Borrowings	-	-	-	-
Derivative financial instruments	-	17.4	-	17.4
<b>Total liabilities</b>	-	17.4	-	17.4
At 30 June 2014	Level 1 \$m	Level 2 \$m	Level 3 \$m	Total \$m
<b>Liabilities</b>				
Borrowings	235.5	-	-	235.5
Derivative financial instruments	-	58.8	-	58.8
<b>Total liabilities</b>	235.5	58.8	-	294.3

## **4 Segment information**

### **(a) Description of 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 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, cooking oil, sauces, dressings, vinegar, mayonnaise, flour, pastry, baking ingredients, and baked snacks.

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

#### 4 Segment information (continued)

##### (b) Information about reportable segments

For the six months ended  
31 December 2014

	Baking \$m	Dairy \$m	Grocery \$m	Asia Pacific \$m	Total \$m
Sales to external customers	456.8	221.9	201.8	185.9	1,066.4
Inter-segment sales	5.3	8.2	7.0	9.5	30.0
<b>Total segment revenue</b>	<b>462.1</b>	<b>230.1</b>	<b>208.8</b>	<b>195.4</b>	<b>1,096.4</b>
Intersegment elimination					(30.0)
<b>Total revenue</b>					<b>1,066.4</b>
<b>Segment results</b>					
EBITDA before restructuring costs	29.5	25.5	28.5	38.4	121.9
Depreciation and amortisation expense	(20.4)	(6.7)	(4.5)	(2.9)	(34.5)
<b>EBIT before significant items</b>	<b>9.1</b>	<b>18.8</b>	<b>24.0</b>	<b>35.5</b>	<b>87.4</b>
Restructuring costs	(0.1)	(0.2)	-	-	(0.3)
<b>Segment EBIT</b>	<b>9.0</b>	<b>18.6</b>	<b>24.0</b>	<b>35.5</b>	<b>87.1</b>
Unallocated foreign exchange gains					0.1
Unallocated restructure costs					(1.2)
Unallocated expenses					(10.2)
Net interest expense					(32.2)
<b>Profit before income tax from continuing operations</b>					<b>43.6</b>
Income tax expense					(11.3)
<b>Profit for the half year</b>					<b>32.3</b>

#### 4 Segment information (continued)

##### (b) Information about reportable segments (continued)

For the six months ended  
31 December 2013

	Baking \$m	Dairy \$m	Grocery \$m	Asia Pacific \$m	Total \$m
Sales to external customers	461.8	234.6	251.5	184.3	1,132.2
Inter-segment sales	1.6	8.5	16.6	2.8	29.5
<b>Total segment revenue</b>	<b>463.4</b>	<b>243.1</b>	<b>268.1</b>	<b>187.1</b>	<b>1,161.7</b>
Intersegment elimination					(29.5)
<b>Total revenue</b>					<b>1,132.2</b>
<b>Segment results</b>					
EBITDA before restructuring costs	39.0	18.1	35.7	34.1	126.9
Depreciation and amortisation expense	(19.1)	(7.3)	(8.0)	(2.4)	(36.8)
<b>EBIT before significant items</b>	<b>19.9</b>	<b>10.8</b>	<b>27.7</b>	<b>31.7</b>	<b>90.1</b>
Restructuring costs	(5.0)	(7.7)	(0.2)	-	(12.9)
Impairment charge (i)	(3.0)	(31.9)	(62.4)	-	(97.3)
<b>Segment EBIT</b>	<b>11.9</b>	<b>(28.8)</b>	<b>(34.9)</b>	<b>31.7</b>	<b>(20.1)</b>
Unallocated restructure costs					(2.6)
Unallocated expenses					(12.9)
Net interest expense					(31.4)
<b>Loss before income tax from continuing operations</b>					<b>(67.0)</b>
Income tax benefit					6.0
<b>Loss for the half year</b>					<b>(61.0)</b>

(i) The impairment charge of \$97.3m relates to goodwill, brand intangibles and other tangible assets held for sale.

## 5 Income tax expense

The Group's effective tax rate for the six months ended 31 December 2014 was an expense of 25.9% (2013: 8.9% benefit, including the impact of impairments of assets held for sale). Amounts treated as non-deductible or assessable in determining income tax expense at 31 December 2014 remain consistent with 30 June 2014. The movement in the Group's effective tax rate is due to improvement in taxable profit in comparison to prior period taxable loss which included non-deductible impairment charges on divestments.

## 6 Financing activities

During October 2014, the Group refinanced its New Zealand retail notes (NZD\$250m) issued by Goodman Fielder New Zealand Limited. As part of the refinancing, the retail notes were redeemed early for cash at NZ\$1.01 (a premium of NZ\$0.01) plus accrued interest, and refinanced with a three year bank debt facility of NZ\$250m maturing in September 2017. In addition, during November 2014, the Group repaid NZ\$20m on its Syndicated Facility, which is maturing November 2016.

## 7 Dividends

### (a) Ordinary shares

The following dividend was declared by the Group:

	<b>31 December 2014 \$m</b>	31 December 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% franked amount (2013: Nil franked amount)		
New Zealand: 100% imputation amount (2013: Nil imputation amount)	<b>19.6</b>	58.7

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

	<b>31 December 2014 \$m</b>	31 December 2013 \$m
Since the half year end the Directors have resolved to pay an interim dividend of Nil cents per fully paid ordinary share (2013: 1.0 cent).		
Australia: Nil franked amount (2013: Nil franked amount)		
New Zealand: Nil imputation amount (2013: Nil imputation amount)		
The aggregate amount of the proposed dividend payable but not recognised as a liability	<b>-</b>	19.6

## 8 Contingencies

### (a) Contingent liabilities

On 2 July 2014 Goodman Fielder Limited ("Goodman Fielder") announced that it had entered into a Scheme of Implementation Deed with Wilmar International Limited and First Pacific Limited. If this Scheme is implemented, outstanding rights under the Long Term Incentive ("LTI") plan will vest pro-rata resulting in a liability, and in addition advisory fees relating to the scheme will become payable. The liability for both of these is estimated to be between \$11 million and \$16 million.

Other than the above, there were no significant changes to contingent liabilities as disclosed in the most recent annual report.

## 9 Commitments

Capital expenditure contracted for at the reporting date but not recognised as liabilities is as follows:

	<b>31 December 2014 \$m</b>	30 June 2014 \$m
<i>Property, plant and equipment</i>		
Capital expenditure commitments	<b>18.6</b>	4.4
	<b>18.6</b>	4.4

## 10 Jointly controlled entities

The Group has a 50% interest (30 June 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 period, an impairment reversal of \$0.3m (30 June 2014: \$5.5m) of the Group's investment in PT Sinar Meadow International Indonesia was recognised.

	<b>31 December 2014 \$m</b>	30 June 2014 \$m
Investment in jointly controlled entity	<b>13.1</b>	11.2

## 11 Events occurring after the reporting period

There have been no events subsequent to balance date which would have a material effect on the Group's financial statements as at 31 December 2014.



## 12 Earnings per share

### (a) Basic earnings per share

	<b>31 December 2014</b>	31 December 2013
	<b>Cents</b>	Cents
Total basic earnings per share attributable to the owners of the Company	<b>1.5</b>	(3.3)

### (b) Diluted earnings per share

	<b>31 December 2014</b>	31 December 2013
	<b>Cents</b>	Cents
Total diluted earnings per share attributable to the owners of the Company	<b>1.4</b>	(3.3)

### (c) Reconciliation of earnings used in calculating earnings per share

	<b>31 December 2014</b>	31 December 2013
	<b>\$m</b>	\$m
<i>Basic and diluted earnings per share</i>		
Profit/(loss) attributable to the owners of the Company used in calculating basic earnings per share:		
Profit/(loss) for the half year	<b>32.3</b>	(61.0)
Less: Profit attributable to non-controlling interests	<b>(3.7)</b>	(3.8)
	<b>28.6</b>	(64.8)

### (d) Weighted average number of shares used as denominator

	<b>31 December 2014</b>	31 December 2013
	<b>Number millions</b>	Number millions
<i>Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share</i>	<b>1,955.6</b>	1,955.6
Adjustments for calculation of diluted earnings per share (i):		
Effect of share rights on issue	<b>16.9</b>	-
<i>Weighted average number of ordinary and potential ordinary shares used as the denominator in calculating diluted earnings per share</i>	<b>1,972.5</b>	1,955.6

(i) In the prior half year, the impact of dilutive potential ordinary shares that were in existence during the half year were not included as the Group was in a loss position.

In the opinion of the Directors of Goodman Fielder Limited (the Company) :

- (a) the half year financial report and notes set out on pages 6 to 19 are in accordance with the *Corporations Act 2001*, including:
  - (i) complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and, the *Corporations Regulations 2001* and other mandatory professional reporting requirements, and
  - (ii) giving a true and fair view of the Group's financial position as at 31 December 2014 and of its performance for the period 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.

This declaration is made in accordance with a resolution of Directors.



S Gregg  
Chairman



CR Delaney  
Managing Director and Chief Executive Officer

Sydney  
11 February 2015



## **Independent auditor's review report to the members of Goodman Fielder Limited**

We have reviewed the accompanying half year financial report of Goodman Fielder Limited, which comprises the consolidated statement of financial position as at 31 December 2014, 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 half-year ended on that date, notes 1 to 12 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 half-year's end or from time to time during the half-year.

### *Directors' responsibility for the half-year financial report*

The directors of the company are responsible for the preparation of the half-year 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 half-year financial report that is free from material misstatement, whether due to fraud or error.

### *Auditor's responsibility*

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the Group's financial position as at 31 December 2014 and its performance for the half-year ended on that date; and complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As auditor of Goodman Fielder Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### *Independence*

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.



### *Conclusion*

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Goodman Fielder Limited is not in accordance with the *Corporations Act 2001*, including:

(a) giving a true and fair view of the Group's financial position as at 31 December 2014 and of its performance for the half-year ended on that date; and

(b) complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A handwritten signature in blue ink that reads 'KPMG'.

KPMG

A handwritten signature in blue ink, appearing to be 'Kevin Leighton', with a long horizontal flourish extending to the right.

Kevin Leighton  
*Partner*

Sydney

11 February 2015