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20 November 2008

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Goodman Fielder Limited 2008 Annual General Meeting – Chairman's Address

As required by ASX Listing Rule 3.13.3, I attach the Chairman's address which will be delivered to shareholders at the Annual General Meeting today.

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

Yours sincerely,

JONATHON WEST
Company Secretary

Address to the

2008

ANNUAL GENERAL MEETING

of

GOODMAN FIELDER LIMITED

by

Mr Max Ould
Chairman

10.00am, 20 November 2008
Four Seasons Hotel
199 George St, Sydney

Introduction and Welcome

Good morning ladies and gentlemen, and welcome to the 2008 Annual General Meeting of Goodman Fielder Limited.

My name is Max Ould and I am the Chairman of Goodman Fielder.

The Company Secretary has advised that we have complied with the relevant requirements for convening this meeting and that there is a quorum present.

I therefore declare the meeting open.

Thank you for your attendance here today ladies and gentlemen. Before we proceed any further, can I ask you to please ensure that all mobile phones are either turned off or to silent.

This meeting is being broadcast over the Internet and I also welcome those people who are listening to proceedings via the webcast. A recording of the meeting will be available on the company's website later today.

Firstly let me introduce your Board of Directors:

- Peter Margin – Managing Director and Chief Executive Officer
- Hugh Perrett – Independent Non-executive Director, Chairman of the Remuneration Committee and Member of the Corporate Risk Committee and the Nomination Committee
- Clive Hooke, Independent Non-executive Director, Chairman of the Audit Committee and Member of the Corporate Risk Committee
- Gavin Walker – Independent Non-executive Director, Chairman of the Corporate Risk Committee and Member of the Audit Committee
- Ian Johnston – Independent Non-executive Director, Member of the Audit and Remuneration Committees.

I would also like to introduce our Company Secretary and Group General Counsel, Jonathon West, and in the front row we also have the rest of our Executive Management team here with us today.

Our auditor, David Rogers from KPMG is also present and Mr Rogers will be available later in the meeting to answer any questions you may have in relation to the auditing of our accounts.

Our Company

Goodman Fielder, as you may know, was formed in 1986 through the merger of an Australian food company founded in Tamworth by George Fielder almost 100 years ago, and a New Zealand bakery business established in the 1960s by brothers Patrick and Peter Goodman.

Today Goodman Fielder is Australasia's leading listed food company and our products will be found in the kitchens of most homes throughout Australia and New Zealand.

The company has operations in Australia, New Zealand, Fiji, New Caledonia, Papua New Guinea, Malaysia, Singapore, Korea, the Philippines and China. We manufacture food products in around 20 categories at almost 60 plants, and we employ 8000 people.

We have an excellent portfolio of some of the region's best known consumer brands, with leading positions in most categories that we contest, and our extensive distribution network allows us to deliver to 30,000 outlets every day including supermarkets, convenience stores and food service customers.

Year in Review

Let me now turn to the company's financial results for the year ended 30 June 2008.

In what was a very difficult year, the company returned a 10.2% increase in revenue to $2675.4 million and net profit, on a normalised basis, rose marginally to $220.7 million.

When non-recurring restructuring costs associated with our plant rationalisation program, and a non-cash impairment charge of $170 million to the goodwill of our Fresh Dairy business in New Zealand are taken into account, net profit after tax was $27.7 million.

Your Directors were pleased to be able to announce a final dividend of 7.5 cents per share for the 2008 financial year, bringing the full year dividend to 13.5 cents per share.

Today in our region we are operating in a climate of considerable uncertainty.

We are in the midst of a world wide financial crisis following the collapse of the US sub-prime mortgage market and the ensuing impact on almost all national economies, including in those countries in which we operate.

As well the company has had to contend with major cost volatility and record increases in the costs of the primary raw materials that we use in the manufacture of our products.

Sustained record pricing on agricultural commodities such as wheat, edible oils and milk has resulted in a substantial cost impost on the company. Commodities have been impacted by the effects of drought, booming Asian demand for protein and the diversion of some commodities into biofuel production.

These increases resulted in an increased cost burden to the company of around $204 million in the year, on the back of a $70 million increase in the previous year.

In addition, record crude oil pricing during the year resulted in an increase of $30 million in logistics and packaging costs.

However we have been largely successful in recovering these cost increases, albeit with some time lags, through a combination of internal efficiency savings and price increases. As we go forward we will continue to actively seek cost recovery in the marketplace and through operational improvements.

Despite these challenges I can assure you that the company's core fundamentals are in excellent shape and that we are continuing to build for future growth.

We are vigorously pursuing our goal of operational excellence as we move towards a position of lowest cost operator. We have continued the process of rationalising and consolidating our manufacturing base by closing inefficient plants and re-investing in existing core facilities. We have committed to build two new state-of-the-art manufacturing plants in Sydney and Brisbane and we are moving to optimise our extensive distribution system to increase efficiency and reduce costs.

We continue to invest in our brands and during the last financial year we increased brand support by 60%. Our emphasis on new product development has been maintained and we launched new product lines in all our businesses last year. We see innovation as a fundamental strength of the company and a key driver of success in the fast moving consumer goods market.

The company continues to actively manage its asset base, with tight control over working capital, the introduction of a program of sale and lease-back of selected assets to free up capital, and a significant re-investment in plant and equipment.

Strategy

The Board has adopted a strategy where we have identified future growth potential in three key market sectors – daily fresh products, food ingredients and general grocery products.

In the daily fresh category we currently have a strong position in the Trans Tasman market with bread and bakery products businesses in both Australia and New Zealand. We also have a strong position in the New Zealand fresh dairy market and we see that, while there was potential for expansion into the Australian dairy market, recent acquisition opportunities would not have added value at the prices paid.

Our ingredients business, which operates on both sides of the Tasman, has significant potential for growth and we think that there is scope to upweight in this category. We are watching for any scaleable opportunities that might present themselves and we will evaluate them carefully if they arise.

We also see growth potential in the general grocery category, mainly through consolidation opportunities in individual market segments, as we believe the grocery category is moving into a period of rationalisation. The company particularly looks for leading market shares and low cost positions in significant segments and, consistent with this, we have recently entered the biscuits and the dips segments.

Of course overshadowing all business decisions around the world at present is the current turmoil and loss of value in the financial markets. This has had a severe impact on the availability and cost of credit which is likely to constrain many businesses in the near future. Earlier in this calendar year we were able to refinance maturing debt facilities with a competitively priced $670 million long term debt facility which has extended our debt maturity profile and maintained the company on a secure financial footing. In addition, we recently finalised a $100 million debt facility to provide further flexibility for short term capital initiatives.

Sustainability

One of the major issues that the company is contending with at the moment is climate change, its possible future effects on our business, and the direction that future regulatory responses might take. We are currently monitoring the development of proposed emissions trading schemes in New Zealand and Australia to ensure that we are well prepared to meet the challenges that these reforms might bring. For anyone who is interested in this issue, I draw to your attention the Sustainability section of our company's Annual Report, which covers the issue and our responses in some detail.

Also in the Annual Report we have detailed our position on two somewhat contentious public issues - genetically modified foods and sustainable palm oil.

Goodman Fielder is of the view that our consumers prefer foods that are not genetically modified as they are concerned about the uncertainty surrounding the possible long term effects of consuming genetically modified material. As a consequence the company is working to eliminate genetically modified raw materials from our retail branded products and we are now moving to identify many of our products as Non-GM on the packaging.

Sourcing of palm oil has recently become an issue of some public concern as there is an increasing awareness that new palm oil plantations in areas such as Borneo and Sumatra in South East Asia have resulted in the large scale clearing of rainforests and the destruction of wildlife habitats.

As we are a significant user of palm oil, Goodman Fielder is very conscious of our responsibility to provide products derived from ecologically sustainable sources and therefore we buy palm oil only from old, well established palm oil plantations in peninsular Malaysia. The company is also a member of the Roundtable on Sustainable Palm Oil, which is an organisation that is working to advance production, procurement and use of sustainable palm oil products.

People

We recognise the need to continually develop the company's workforce in order to meet future growth challenges. Accordingly we have developed a comprehensive process for managing our talent and developing our people. Key among these has been our leadership development programs which focus on providing managers and supervisors with the capabilities to effectively manage sites, functions and departments.

A company wide culture survey was implemented this year, with the aim of giving all employees the opportunity of expressing their views on what it's like to work at Goodman Fielder. This information will be used to develop the organisation and to establish a compelling case for why employees should look to build a career in the company.

Safety

One of our company's core values is "an unwavering focus on health and safety". We are committed to the health and safety of our employees and contractors and we work hard to establish and maintain a safety conscious culture throughout the company. We run a comprehensive safety training package throughout the company, entitled "Safety The Goodman Fielder Way", which forms the foundation of the company's injury prevention program and which is regularly reviewed and improved.

Safety performance is monitored continuously by management and the Board receives regular reports on performance. The company's injury rate in its established businesses continues to trend downwards and, over the past year, there has been considerable effort made on bringing safety in recently acquired businesses up to our high company standards.

Outlook

We are now four months into the current financial year. Sales are up 12% but we anticipate that our first half profit results will be around 15% lower than the prior corresponding period due to time lags in the recovery of an additional $100 million of increased commodity costs and the impact of increased private label volumes.

In the second half however we will start to see the benefit of retreating commodity pricing and we expect the company to exit the year in a solid position. Therefore at this time we are comfortable with the current market expectations of our reported NPAT earnings in the range of $191 million to $204 million. A further update will be provided at the time of our first half results.

Closing remarks
In closing may I say how pleasing it is to see so many of our shareholders here at this meeting. Communicating often and openly with our investors is a key priority for Goodman Fielder and I trust that you find the various media that we employ – Annual Report, Shareholder Newsletters, presentations, the company's website, and of course our shareholder meetings – useful to aid your understanding of the company and its progress.

This year we have commenced producing a Shareholder Review which is a shortened version of the Annual Report. Copies of this Review are available here today and we are, as always, very appreciative of any feed back you might care to give.

Finally I would like to thank all of our 8000 employees in Australia, New Zealand, Asia and the Pacific for their considerable efforts during the past financial year and for their continuing support of the company during the current year.

I will now ask our Managing Director Peter Margin to provide you with some detail on our business progress.