Goodman Fielder Limited
ABN 51 116 399 430

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14 August 2012

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

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

Goodman Fielder Limited – Preliminary Final Report and 2012 Annual Financial Report

I attach the following documents:

- an Appendix 4E 2012 Preliminary Final Report in relation to the Company's results for the financial year ended 30 June 2012; and
- a copy of the 2012 Annual Financial Report (incorporating the Directors' Report, the Financial Report and the Independent Auditor's Report dated 14 August 2012).

The Company's Results Announcement for the financial year ended 30 June 2012 will follow.

A Presentation to Analysts in connection with the 2012 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 2012 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 2012 Annual Report will be lodged at the same time as the Annual Report is distributed to shareholders.

Yours sincerely,

JONATHON WEST
Company Secretary

GOODMAN FIELDER LIMITED

ABN 51 116 399 430

Appendix 4E

Preliminary final report

Year ended 30 June 2012

ASX/NZX Code: GFF

This document, including all attachments, comprises the full year results information required by ASX Listing Rule 4.3A and NZSX Listing Rule 10.4.2.

PRELIMINARY FINAL REPORT

PERIOD ENDED 30 JUNE 2012

RESULTS FOR ANNOUNCEMENT TO THE MARKET
(all comparisons are to the year ended 30 June 2011)

Name of entity

GOODMAN FIELDER LIMITED

ABN 51 116 399 430

Reporting period: Year ended 30 June 2012

	Direction of movement	% Change	2012 $A Million	2011 [(1)] $A Million
Revenue from ordinary activities	Down	**1.7%**	**2,513.7**	**2,556.2**
Revenue from continuing operations [(2)]	Down	**0.1%**	**2,212.5**	**2,215.0**
Loss from continuing operations after tax attributable to members [(3)]	Up	**35.3%**	**(123.8)**	**(191.4)**
Net loss for the period attributable to members [(3)]	Up	**11.9%**	**(146.9)**	**(166.7)**
Net tangible asset backing per ordinary share	Up	**85.7%**	**(2.8) cents**	**(19.6) cents**

(1) The 2011 comparative figures have been restated to separately disclose the revenues and profits arising from the discontinued Integro Foods business and New Zealand Milling business.

(2) 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 Foods business and the New Zealand Milling business are reported in this report as discontinued operations. The Company decided to divest the Integro Foods and New Zealand Milling businesses as part of its ongoing portfolio prioritisation project to increase focus on its core businesses. The Company has received a number of offers for its Integro commercial oils business and has entered into a period of exclusivity with one bidder to finalise the transaction with an expected signing date of the end of August 2012. The Company is also well progressed with the divestments of its New Zealand Milling business and remains in discussions with a number of interested parties. Financial information relating to discontinued operations for the year is set out in note 4 and note 8 of the 2012 financial statements.

(3)) Net profit figures for the year ended 30 June 2012 reflect a non-cash impairment charge to Fresh Baking goodwill of $143.5 million and to Home Ingredients goodwill and intangibles of $44.3 million, asset write-downs of $16.8 million, restructuring costs of $58.6 million and non-operational realised foreign exchange losses of $4.0 million. The prior year comparatives include a non-cash impairment charge to Fresh Baking goodwill of $300.0 million.

DIVIDENDS

	Amount per security	Franked amount per security	Imputation amount per security
Dividends on ordinary shares			
Interim dividend FY12	Nil	Nil at 30%	Nil at 28%
Final dividend FY11	2.5¢	1.125¢ at 30%	Nil at 30%
Interim dividend FY11	5.25¢	1.575¢ at 30%	Nil at 30%

In line with the Company’s capital management approach, no final dividend has been declared and the Company’s dividend policy will be revisited at the half year following the finalisation of business divestments.

EXPLANATION OF RESULTS

Please refer to the attached 2012 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 2012.

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 subsequent to the end of the financial year.

GOODMAN FIELDER LIMITED

Annual Financial Report

30 June 2012

Table of Contents

Directors' Report

The Directors of Goodman Fielder Limited (the Company) present the 2012 Directors' Report (including the Remuneration Report), together with the 2012 Financial Report of the consolidated entity (the Group), for the financial year ended 30 June 2012. 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.

Review of Operations and Results*

RESULTS	FY12	FY11	Variance
NORMALISED[1]			
EBITDA	**$299.8m**	$359.5m	(16.6%)
EBIT	**$233.1m**	$289.4m	(19.5%)
NPAT	**$96.5m**	$135.2m	(28.6%)
SIGNIFICANT ITEMS			
Pre-tax[2]	**($267.2m)**	($302.8m)	11.8%
Post-tax[3]	**($243.4m)**	($301.9m)	19.4%
REPORTED			
Revenue	**$2,513.7m**	$2,556.2m	(1.7%)
EBITDA[4]	**$237.2m**	$356.7m	(33.5%)
EBIT	**($34.1m)**	($13.4m)	(154.5%)
NPAT	**($146.9m)**	($166.7m)	11.9%
EPS	**(8.3c)**	(11.2c)	25.9%
Free cash flow[5]	**$249.2m**	$340.0m	(26.7%)
Net debt[6]	**$728.0m**	$954.9m	reduced by 23.8%
Leverage ratio[7] (Net debt / EBITDA)	**2.42 times**	2.65 times	
Interest cover[7]	**3.61 times**	3.73 times	

(1) Normalised excludes significant items.
(2) Pre-tax significant items include restructuring costs ($58.6m), non-operational realised foreign exchange losses ($4m), asset impairments ($187.8m) and asset write-downs ($16.8m).
(3) Post-tax significant items include restructuring costs ($41.0m), non-operational realised foreign exchange losses ($2.8m), asset impairments ($187.8m) and asset write-downs ($11.8m).
(4) EBITDA before asset impairments ($187.8m) and asset write-downs ($16.8m).
(5) Net free cash flow represents receipts from customers less payments to suppliers and employees.
(6) Net debt excludes an unrealised foreign exchange gain of $52.5m (FY11: gain of $71.4m) relating to the revaluation of the Company's US dollar private placement debt.
(7) Calculated in accordance with the Group's debt facility covenants

* **Normalised EBIT, EBITDA 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, asset impairments, asset write-downs and realised foreign exchange losses. The non-IFRS financial information has not been audited or reviewed.**

Highlights

- **Normalised EBIT of $233.1m, within guidance provided at half year – down 20 per cent on prior year**
- **Earnings stabilised in 2nd half from significant overhead cost reduction and continued growth in earnings from Asia Pacific business – normalised EBIT increased 9% in 2nd half vs prior corresponding period and up 4% vs 1st half**
- **Strong focus on capital management strengthens group financial position – net debt reduced by 24 per cent to $728m following $259m capital raising**
- **Project Renaissance restructure proceeding to plan – on track for $100m in savings by FY15 - overhead savings of $23m achieved in FY12**
- **Restructuring initiative creates strong platform to meet current challenges and reposition for sustainable growth:**
    - **significant overhead cost removal to realign cost base and restore earnings**
    - **strengthened balance sheet and financial position to provide financial flexibility to reinvest in core brands and categories**
    - **integrated group structure improves customer alignment and promotes core category innovation**
    - **more focused portfolio leverages branded innovation in core categories and brands**
- **Business divestments on track – offers received for Integro - entered into period of exclusivity with one bidder to finalise transaction with expected signing date at the end of August 2012; NZ Milling divestment proceeding**
- **No final dividend – in line with prudent approach to capital management and objective to restore credit metrics in line with investment grade status - Dividend policy will be revisited at half year following finalisation of business divestments**

Result Overview

Goodman Fielder Limited reported normalised Earnings Before Interest and Tax EBIT (pre significant items) of $233.1 million for the year ended 30 June 2012 ("FY12"), within guidance provided at the half year result and 20 per cent lower than the prior year.

Normalised EBIT improved slightly in the second half of the year compared to the first half and increased by 8.8 per cent compared to the second half last year, reflecting the Company's significant overhead cost reduction programme to stabilise earnings.

Net debt reduced by 24 per cent to $728 million at year end, which resulted in improved credit metrics with a conservative leverage ratio (Net debt/EBITDA) of 2.42 times and interest cover (EBITDA/Net Interest expense) of 3.61 times.

Restructuring costs primarily related to the Company's Project Renaissance plan and impairment charges and asset write-downs which were advised previously to the market resulted in total significant items (pre tax) of $267.2 million.

As a result of these significant items, Reported NPAT was a loss of $146.9 million compared to a loss of $166.7 million for the prior year.

Commentary on FY12 – Delivering on Strategic Agenda

While trading conditions in Australia and New Zealand were challenging, which impacted Goodman Fielder's financial performance, the Company was pleased with the progress made in establishing a stable platform to enable it to implement its strategy for medium and long term growth.

Last year, the Company identified its immediate priorities to include stabilising earnings, strengthening the balance sheet and financial position, prioritising its portfolio through progressing the divestment of non core assets and developing its strategic plan.

The Company has delivered on each of these key priorities.

Earnings were stabilised through significant overhead and cost reduction in its most challenging markets, but also by achieving further earnings growth in the Asia Pacific business.

This required significant management attention on implementing the restructuring initiative, Project Renaissance, to create a cost structure which is more appropriately aligned to current market conditions, together with a new organisational structure with single country leadership supported by category innovation teams.

The balance sheet was strengthened which ensures Goodman Fielder is more appropriately capitalised, with net debt 24 per cent lower than a year ago. Capital management will be a continuing focus in FY13 which provides the financial flexibility for the Company to reinvest in its core businesses and brands from FY13 to deliver sustainable growth.

The Company also successfully re-focused its portfolio and is well progressed with the divestments of both the Integro and NZ Milling businesses. The proceeds of these divestments will be used to further strengthen the Company's capital position and also for reinvestment in its core categories and brands under the strategic plan.

In a year of significant restructuring, while normalised earnings performance in Australia/New Zealand was significantly below last year, the Company is confident that the improvements made to its financial position and organisational structure will now enable Goodman Fielder to proceed with the next stage of implementing its strategic plan to restore acceptable levels of returns to shareholders in the medium term.

Group Financial Results

Revenue declined by 1.7 per cent to $2,513.7 million, reflecting the challenging trading conditions which impacted price and volume in Australia and New Zealand.

Margins in these markets declined as input costs increased which were not fully recovered in a difficult retail trading environment.

As a result, normalised EBITDA declined by 16.6 per cent to $299.8 million.

Despite reduced interest expense in the second half of the year following the successful $259 million capital raising, normalised NPAT declined by 28.6 per cent to $96.5 million.

The effective tax rate for the year was 24.7 per cent compared to 25.1 per cent in the previous year.

Capital expenditure declined by 18.1 per cent to $84.8 million, reflecting management's prudent capital approach during difficult trading conditions. Of this total, $27.9 million was for growth initiatives across the business.

Net Free cash flow declined by 26.7 per cent to $249.2 million, impacted by lower earnings and higher working capital.

Capital Management – Balance Sheet Strengthened

The Company continues to adopt a prudent approach to capital management as part of its objective to restore credit metrics in line with investment grade status.

During the year, the Company strengthened its balance sheet with a capital raising which successfully raised $259 million in fresh equity and the successful refinancing of its debt facilities.

Net debt at year end was $728 million with an average debt maturity profile of 4.5 years and unused debt funding capacity of around $500 million.

Goodman Fielder maintains a strong balance sheet and continues to operate comfortably within its banking covenants, with a leverage ratio (Net debt/EBITDA) of 2.42 times (2.65 times for the prior year) and interest cover of 3.61 times (3.73 times for the prior year.

Project Renaissance – Realigning the cost base to meet current conditions and reposition for future growth

The Company's major restructuring initiative, Project Renaissance, remains on track to deliver $100 million in annualised savings by FY15.

The first phase of this project, targeting A$40 million in ongoing overhead savings by FY13, is being successfully delivered with cost savings of $23 million achieved in FY12.

Goodman Fielder has also commenced the second phase of Project Renaissance to optimise manufacturing and supply chain efficiencies to deliver $25 million in ongoing savings by FY13/14, which includes the consolidation of its bakery facilities announced in June 2012 to improve ongoing manufacturing efficiency and lower distribution costs.

The cost savings achieved through Project Renaissance are being used to restore earnings and are also being re-invested to strengthen the business through brand and product innovation and increased productivity.

Cash restructuring costs for Project Renaissance for FY12 were $46.0 million, including redundancy and restructure costs associated with the significant headcount removal and business restructuring undertaken during the year.

This total also includes costs associated with the closure of three bakery sites in Australia which were brought forward from FY13.

Business Divestments – Refocusing the portfolio on core businesses and brands

The Company's strategy to divest non core businesses remains on schedule.

Goodman Fielder has received a number of offers for its Integro commercial oils business and has entered into a period of exclusivity with one bidder to finalise the transaction with an expected signing date of the end of August 2012.

The Company is also well progressed with the divestment of its NZ Milling business and remains in discussions with a number of interested parties.

Goodman Fielder is also well advanced in optimising its portfolio and continues to progress options for businesses previously identified as being under review.

Proceeds from business divestments will be used to strengthen the Company's financial position and also used for reinvestment in the Company's core brands in line with the Company's strategic plan.

Division Performance

Baking

$Am (unless stated)	FY12	FY11	Variance
Revenue	**979.0**	1,023.3	(4.3%)
EBITDA(Normalised)*	**93.2**	131.1	(28.9%)
EBITDA Margin*	**9.5%**	12.8%	(3.3 pts)
Free cash flow	**67.1**	128.0	(47.6%)

Note: (*) Represents EBITDA before restructuring costs as per note 4 'Segment information' on pages 67 and 68 of this Annual Financial Report

Revenue in the Baking division declined by 4.3 per cent to $979.0 million, impacted by reduced volumes, including the loss of a private label supply contract and pricing pressure, including price reductions for supermarket private label bread and the resulting negative price and volume pressure on proprietary branded bread.

Higher input costs such as labour and logistics costs and the difficulty in achieving cost recovery in a retail market characterised by low to negative food price inflation impacted margins and earnings.

While the Company responded with a significant overhead cost reduction programme including the removal of 338 positions in the Baking division in Australia/New Zealand, this was not sufficient to offset volume and price decline. As a result, normalised EBITDA of $93.2 million was 28.9 per cent lower than the prior year.

Given this challenging trading environment, the Company continued to adopt a prudent approach to its review of the carrying value of the business and recorded a non-cash impairment charge against goodwill of $101 million in the Australian/NZ baking business.

In response to market challenges, the Company has made significant progress in restructuring its cost base, reducing overheads and implementing plans to improve manufacturing and supply chain efficiency.

The first phase of the consolidation of the bakery network has commenced with the closure of the Rockhampton bakery in July 2012, with the Whiteside facility to close in the second quarter of FY13, followed by the Cairns bakery in the third quarter of FY13.

The Company has also commenced the rationalisation of its product range, reducing unique products from around 450 to 350 to improve manufacturing efficiency. As part of the Goodman Fielder NexGen SAP upgrade, baking sites in Australia are being successfully transitioned to SAP for all operations and finance functions, which enables the division to better meet the needs of its customers and rationalise support activities.

Goodman Fielder remains the market leader in Baking and continues to invest in its brand portfolio through new product development and branded innovation to maintain this competitive position.

For example, during the year the Company launched the Helga's Sandwich Thins range, to capitalise on a gap in the bread market for consumers seeking a lighter bread experience.

Market response to the new range has been very positive with sales exceeding initial expectations. Similarly, La Famiglia has capitalised on its market leading position in the chilled breads category with the successful launch of the premium stone baked range.

In New Zealand, Goodman Fielder successfully launched the new Vogel's gluten free range of breads which has driven category growth by over 45 per cent and more recently, launched the new Molenberg fresh loaf range.

Home Ingredients*

$Am (unless stated)	**FY12**	FY11	Variance
Revenue	**450.2**	477.6	(5.7%)
EBITDA (Normalised)**	**81.1**	96.2	(15.7%)
EBITDA Margin**	**18.0%**	20.1%	(2.1pts)
Free cash flow	**71.3**	106.0	(32.7%)

Notes: (*) Excludes the Out of Home category which has been included in the Integro division
(**) Represents EBITDA before restructuring costs as per note 4 'Segment information' on pages 67 and 68 of this Annual Financial Report excluding Out of Home EBITDA of $4.8m (FY11:$5.3m)

Weaker retail markets in Australia and New Zealand impacted earnings in the Home Ingredients business with normalised EBITDA down 15.7 per cent to $81.1 million.

Revenue declined by 5.7 per cent, impacted by the decrease in underlying consumer demand which required further investment in price and promotional strategy to mitigate volume declines.

Despite significant overhead cost removal, increased input costs primarily driven by incremental commodity costs in oils and flour, impacted margins.

As a result normalised EBITDA margin declined from 20.1 per cent to 18.0 per cent.

Increased private label competition impacted share in some categories, primarily in spreads, flour and dips. However, the division recorded solid growth in dressings/mayonnaise and cake mix through customer activation and shelf and range management.

In the dressings/mayonnaise category Goodman Fielder has outperformed the category, achieving year on year growth of 12 per cent versus category growth of 5 per cent at the end of July 2012.

In particular, the launch of the new Praise Deli Style range of dressings has been very successful, recording strong above category volume growth in the dressings category.

In the cake mix category, the Company has achieved growth of 5 per cent versus a decline in the category of around 8 per cent at the end of July 2012.

The division is also benefitting under the overall Group strategy to integrate the businesses in Australia and New Zealand to provide a single point of contact to the customer and continues to receive encouraging feedback from the market.

The new structure enables divisions to balance in-year budget responsibilities with category and product innovation across the division's core branded portfolio and assessment of new markets and customer channels.

Fresh Dairy

$Am (unless stated)	FY12	FY11	Variance
Revenue	**411.1**	422.5	(2.7%)
EBITDA (Normalised)*	**46.4**	51.7	(10.3%)
EBITDA Margin*	**11.3%**	12.2%	(0.9 pts)
Free cash flow	**38.7**	45.4	(14.8%)

Note: (*) Represents EBITDA before restructuring costs as per note 4 'Segment information' on pages 67 and 68 of this Annual Financial Report

Revenue in the Company's Dairy business in New Zealand declined by 2.7 per cent, to $411.1 million reflecting lower volumes and pricing in key product categories.

Milk volumes were lower following a decline in sales through the independent convenience store channel versus supermarket chains.

In the fourth quarter, average selling prices for milk were impacted after the major competitor lowered the retail price for milk; however, the wholesale milk price paid by Goodman Fielder was not lowered by the same proportion.

As a result, earnings were impacted by the timing difference between changes in the wholesale and retail prices for milk.

Volumes and price were also lower in both the meats and cheese categories.

Despite significant overhead cost reduction with the removal of 119 positions as part of the New Zealand restructure, higher input costs which were not fully recovered contributed to a reduction in normalised EBITDA of 10.3 per cent to $46.4 million.

Free cash flow declined by 14.8 per cent to $38.7 million, reflecting lower earnings and also cash costs associated with the restructure of the division to reduce the ongoing cost base.

The Fresh Dairy division is undertaking a comprehensive initiative to support the Meadow Fresh brand in milk and yoghurt with the "Cool stuff for kids" campaign.

The campaign, which supports schools by providing sporting equipment and arts supplies, is proving very successful in increasing brand awareness and shelf ranging.

Asia Pacific

$Am (unless stated)	FY12	FY11	Variance
Revenue	**333.5**	299.2	+ 11.5%
EBITDA(Normalised)*	**66.3**	58.5	+ 13.3%
EBITDA Margin*	**19.9%**	19.6%	+0.3 pts
Free cash flow	**60.0**	58.3	+2.9%

Note: (*) Represents EBITDA before restructuring costs as per note 4 'Segment information' on pages 67 and 68 of this Annual Financial Report

The Company's Asia Pacific business delivered another strong result with revenue increasing by 11.5 per cent and normalised EBITDA up by 13.3 per cent on the prior year.

Revenue growth was assisted by core brand volume growth of 5 per cent, price increases implemented across the division's core brand portfolio and growth into new customer channels in existing geographies.

The division maintains a strong market position in Fiji through its Crest poultry brand and recorded continued growth for its Flame flour brand in Papua New Guinea.

The division also continued to grow its export capability in spreads under the MeadowLea brand and also in dairy products under the Meadow Fresh brand throughout Asia and the Pacific region.

Earnings improved, particularly in the second half on pricing and product mix. As a result, normalised EBITDA margin improved slightly to 19.9%.

Capital expenditure increased as planned by 19 per cent to $7.7 million to upgrade existing plant and equipment and for further investment in safety initiatives across the region.

Integro*

$Am (unless stated)	**FY12**	FY11	Variance
Revenue	**339.9**	333.6	+1.9%
EBITDA(Normalised)**	**30.6**	40.5	(24.4%)
EBITDA Margin**	**9.0%**	12.1%	(3.1 pts)
Free cash flow	**26.9**	17.3	55.5%

Note: (*) Includes the Out of Home category which has been excluded from the Home Ingredients division
(**) Represents EBITDA before restructuring costs as per note 4 'Segment information' on pages 67 and 68 of this Annual Financial Report including Out of Home EBITDA of $4.8m (FY11: $5.3m)

Revenue in the Company's commercial oils division, Integro Foods, increased slightly to $339.9 million, on improved pricing despite lower volumes.

However, normalised EBITDA was impacted by the timing of commodity cost cycles and the impact of lower volumes which placed additional pressure on conversion costs. As a consequence, EBITDA declined by 24.4 per cent to $30.6 million.

During the year, the business successfully closed the Bunbury facility, consolidating volumes into its existing network and also exited the Oilstream business.

Despite lower earnings, free cash flow improved compared to the prior corresponding period due to the timing of shipments.

The Integro business had a stronger final quarter which has continued into FY13 with a solid contribution from the division's industrial channel and increased demand for dairy-based products for export markets where Integro is well positioned.

Outlook

Domestic market conditions in FY13 are expected to remain similar to the prior year with a challenging environment and competitive pressures continuing. Consumer confidence in Australia/New Zealand will remain subdued with the overall consumer spending outlook to remain challenging.

In its Asia Pacific markets, the Company expects economic growth to continue and the business remains well placed to capitalise on its leading market positions in its core markets while developing further export opportunities into Asian markets over the medium term.

The business is now much better equipped to respond to market challenges following the significant restructuring the Company has undertaken over the past 12 months.

The Company's cost base has been realigned for market conditions and it now has a strengthened and engaged senior management team. The Company's new operating structure to provide one face to the customer is also improving customer relationships and bringing improved capability to its partners.

The Company now has a more focused portfolio and greater financial flexibility to concentrate its investment in its core brands through increased marketing and innovation spend.

Directors

The Board of Directors of the Company currently consists of seven Directors - six 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
Max Ould BEc Chairman and independent non-executive Director (Executive Chairman between 30 April 2011 and 4 July 2011)	65	Director since 14 November 2005 and Chairman since 31 August 2006. Executive Chairman between 30 April 2011 and 4 July 2011. Member of the Remuneration Committee until 24 March 2010 and Chairman of the Nomination Committee. Mr Ould is also the Chairman of Treasury Wine Estates Limited (appointed May 2011) and a Director of AGL Energy Limited (appointed February 2006). He has extensive experience in the Australian food industry, including previous roles as Managing Director of the East Asiatic Company, Chief Executive Officer of Pacific Dunlop's Peters Foods division and Managing Director of National Foods Limited from 1996 to 2003. *Former directorships of other listed companies during the past three years:* *Pacific Brands Limited, February 2004 to October 2009* *Foster's Group Limited, February 2004 to May 2011*
Chris Delaney BA Managing Director and Chief Executive Officer	50	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 and 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. *Former directorships of other listed companies during the past three years: None*
Clive Hooke FCPA, FAICD Independent non-executive Director	66	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:* *Astra Capital Limited, November 2007 to March 2011* *Tassal Group Limited, November 2010 to March 2012*
Ian Johnston BCom, CPA Independent non-executive Director	65	Director since 26 May 2008. Member of the Audit Committee (appointed 26 May 2008) and of the Human Resources and Remuneration Committee (formerly the Remuneration Committee) (appointed 26 May 2008). 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 most recently held the position of Chief Executive Officer of Foster's Group Limited between September 2008 and the demerger of Foster's wine business in May 2011. *Former directorships of other listed companies during the past three years:* *Foster's Group Limited, September 2007 to May 2011*

Name, Qualifications and Position	Age	Experience and Special Responsibilities
Chris Froggatt BA Hons, FCIPD Independent non-executive Director	53	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 and the Australian Chamber Orchestra. 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*
Steve Gregg BCom Independent non-executive Director	51	Director since 26 February 2010. Chairman of the Corporate Risk Committee (appointed 26 February 2010) and Member of the Audit Committee (appointed 26 February 2010). 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's current non-executive roles include Senior Advisor to Grant Samuel Infrastructure Partners, a member of the Grant Samuel non-executive Advisory Board and a Director of William Inglis & Son Ltd and the Lorna Hodgkinson Sunshine Home. He also served as Chairman of Austock Group Limited between November 2009 and May 2012 and joined the Board of Tabcorp Holdings Limited in July 2012. *Former directorships of other listed companies during the past three years:* *Austock Group Limited, November 2007 to May 2012*
Peter Hearl BCom, MAIM, MAICD, Member - AMA Independent non-executive Director	61	Director since 26 February 2010. Member of the Human Resources and Remuneration Committee (appointed 26 February 2010), the Audit Committee (appointed 26 February 2010) and the Nomination Committee (appointed 25 March 2011). 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) and a number of private companies and is Chairman of the University of New South Wales' U.S.-based Study Abroad program. *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).

As advised at the November 2011 Annual General Meeting, the Company is currently undertaking a Board renewal process, with a view to ensuring Board representation from New Zealand, where the Group has a major part of its operations, and an orderly succession of the Chairman of the Board. The Company expects to announce changes to the Board prior to the 2012 Annual General Meeting.

Company Secretary

Mr Jonathon West LLB (Hons), BSc was appointed to the position of Company Secretary and Group General Counsel on 21 December 2005. Prior to his appointment, he held the position of Corporate Counsel, Operations at Burns, Philp & Company Limited. Mr West was admitted as a legal practitioner in 1991. He has over 20 years of private practice and in-house experience. Mr West also serves as Group Commercial Director, with responsibility for procurement and commodities, a position he has held since 1 July 2008.

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]	
Name	**Held[a]**	**Attended**	**Held[a]**	**Attended**	**Held[a]**	**Attended**	**Held[a]**	**Attended**	**Held[a]**	**Attended**
M G Ould	21	20	-	-	-	-	-	-	2	2
C R Delaney	21	21	-	-	-	-	-	-	-	-
C J Froggatt	21	21	-	-	4	4	5	5	2	2
S Gregg	21	21	4	4	4	4	-	-	-	-
P R Hearl	21	21	4	4	-	-	5	5	2	2
C A Hooke	21	20	4	4	4	3	-	-	-	-
I D Johnston	21	20	4	4	-	-	5	5	-	-

(a) Reflects the number of meetings held while the Director was a member of the Board or Committee.

(b) Mr Ould attended four meetings and Ms Froggatt three meetings at the invitation of the Audit Committee. Mr Delaney attended three meetings at the request of the Committee.

(c) Mr Ould and Mr Hearl each attended four meetings and Mr Johnston attended two meetings at the invitation of the Corporate Risk Committee. Mr Delaney attended all meetings at the request of the Committee.

(d) Messrs Ould and Gregg each attended five meetings and Mr Hooke attended four meetings at the invitation of the Human Resources and Remuneration Committee. Mr Delaney attended all 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, Johnston, Gregg and Delaney 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 and the annual performance evaluation of the Board, Committees and individual Directors.

State of Affairs

On 4 July 2011, Mr Chris Delaney was appointed Managing Director and Chief Executive Officer of the Company. Prior to Mr Delaney's appointment and following Mr Peter Margin's departure from the Group on 29 April 2011, Mr Max Ould served as Executive Chairman of the Company on an interim basis.

Mr Shane Gannon joined the Company as Chief Financial Officer on 1 November 2011, at which time Mr Neil Kearney, who had held the role on an interim basis, accepted a position with the Company as Chief Strategy and Corporate Development Officer. Mr Clive Stiff, Managing Director of the Fresh Baking division, left the Company on 30 September 2011 and Mr Pankaj Talwar was subsequently appointed Category Managing Director, Baking on 1 December 2011.

During the financial year the Company commenced a strategic review, with the objective of assessing each business' potential to increase shareholder returns in the coming years. One element of the review was to evaluate the potential benefits of changes to the Company's business model for its retail businesses. This work included an assessment of the benefit of consolidating the existing business unit structure in Australia and New Zealand to create a more streamlined structure which would improve the efficiency of its resource base and provide a more effective go-to-market capability. Areas of opportunity being explored by management include commercial structures as well as manufacturing network and logistic supply chains. The Company engaged a global management consulting firm as advisers in this review.

The first stage of the strategic review involved the identification and achievement of overhead savings through a new, more efficient operating model in Australia and the integration of the Company's three retail-facing divisions in New Zealand. During the fourth quarter, the Company implemented a new management and operating structure, with business operations being managed by geographic market (Australia, New Zealand and Asia Pacific) and Category Managing Directors (Bakery, Grocery and Dairy) taking responsibility for category strategy. The roles of Chief R&D/Quality Director and Chief Supply Chain and Manufacturing Director were created to strengthen the Group's oversight and capabilities in these key areas of the Group's operations. Restructuring and redundancy costs of $58.6 million were recognised during the 2012 financial year in connection with restructuring initiatives undertaken in relation to the strategic review.

As part of the strategic review process, the Company identified two non-core businesses, for which divestment processes commenced during the period, and a number of businesses that were subject to further review. Following receipt of a number of offers for its Integro commercial oils business, the Company has entered into a period of exclusivity with one bidder to finalise the transaction, with an expected signing date of the end of August 2012. The Company remains in discussions with a number of interested parties in relation to the divestment of its New Zealand Milling business. The Company recorded total non-cash impairment charges of $77.8 million for the year ended 30 June 2012 relating to the businesses identified through the portfolio review process.

As a result of continuing challenging conditions in relation to the Company's Baking business in Australia and New Zealand and its New Zealand Home Ingredients business, the Company adopted a prudent approach to its review of the carrying values of those businesses and recorded non-cash impairment charges totalling $110.0 million to the goodwill of the businesses.

In June 2012, the Company commenced the first phase of consolidating its bakery facilities in Australia, announcing the closure of three bakeries, along with rationalisation of its bakery range and initiatives to improve distribution efficiency.

In the first half of the 2012 financial year, the Company completed a A$259 million capital raising by way of a 5 for 12 pro-rata entitlement offer of new shares at an offer price of A$0.45 per share. It also successfully refinanced its A$500 million syndicated bank facility maturing in October 2012, replacing the debt with a new facility consisting of a A$300 million three-year tranche maturing in November 2014 and a A$200 million five-year tranche maturing in November 2016.

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

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 and the expected results of those operations are reported, as appropriate, in the Review of Operations and Results on pages 3 to 9 in this Annual Financial Report. Further information about 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 has not been included in this report because disclosure of such information would be likely to result in unreasonable prejudice to the Group.

Dividends

The Company paid a dividend of $34.5 million (2.5 cents per ordinary share) on 3 November 2011. The dividend was 45% franked in Australia, with nil imputation for New Zealand taxation purposes. The Company's Dividend Reinvestment Plan did not apply to the 2011 final dividend.

The Company did not pay a 2011/2012 interim dividend. In line with the Company's capital management approach, no final dividend was declared and the Company's dividend policy will be revisited at the half year following the finalisation of business divestments.

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
M G Ould	425,143
C R Delaney	200,100[(1)]
C J Froggatt	24,554
S Gregg	100
P R Hearl	64,396
C A Hooke	284,751
I D Johnston	193,044

(1) Mr Delaney has entitlements to 2,250,000 shares (2,875,000 shares on achievement of "stretch" targets) under sign-on/long-term incentive arrangements approved by shareholders at the Company's 2011 Annual General Meeting.

Transactions between companies within the Group and Director-related entities are set out in note 36 to the financial statements on page 99 of this Annual Financial Report.

Officers

No officer of the Group has been a partner of an audit firm or a director of an audit company that is or was an auditor of any entity in the Group during the year ended 30 June 2012.

Remuneration of Directors and Senior Executives

A Remuneration Report is set out in this Directors' Report on pages 17 to 40.

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 environmental reports from management. Priority issues 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.

The Group's Australian operations are subject to the *Energy Efficiency Opportunities Act 2006* (Cth) (EEO), which requires the Group to identify energy efficiency opportunities and report annually on progress made in implementing those opportunities. In accordance with its obligations under the EEO, the Group will submit a new assessment plan in 2012. A public report is issued by the Group in December each year that outlines the energy use assessed, the energy saving opportunities identified and the status of those opportunities. Copies of the Group's public reports 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 has implemented new procedures and protocols to calculate the impact of, and ensure compliance with, the *Clean Energy Act 2011* (Cth).

Environmental Performance

The Group continues to improve its risk management program and environmental risks and impacts are continually assessed to ensure that the appropriate environmental controls have been implemented and are effective. The Group issued its first publicly available Sustainability Report in October 2009 and obtained external assurance for the first time in relation to its 2010/2011 Sustainability Report. It will issue its Sustainability Report for the year ended 30 June 2012 in October 2012, which will identify progress made against its 2012 action plans and outline its sustainability objectives for the 2013 financial year. The Group's Sustainability Reports are 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

A year of change

As you are aware, the 2012 financial year has been one of significant change for Goodman Fielder. Chris Delaney, the Company's new Chief Executive Officer, joined Goodman Fielder in July 2011 and over the past twelve months Chris and his senior executive team (the "Group Executive") have made significant progress towards repositioning the Company for medium-term growth and creating a company that is stronger, safer and more sustainable. While maintaining focus on stabilising the business and executing a number of important capital management initiatives, the Company has also put in place a new operating and management structure, strengthened its senior executive team, initiated a strategic review process and developed a new strategic plan designed to identify and implement the changes necessary to optimise shareholder value over the medium to longer term. Chris and his management team have achieved these changes in a trading environment in Australia and New Zealand that many in the industry have called the most difficult they have experienced. The Board and this Committee are keenly aware that these executives and the teams that support them are working at an extraordinary pace to swiftly identify and deliver a wide range of strategic initiatives while dealing with very challenging market conditions that continue to show few signs of improvement.

2012 remuneration outcomes

We are also very conscious that executive remuneration is an issue of significant and sustained interest for shareholders. Notwithstanding the achievements listed above, the Board remains committed to the principle that the remuneration received by members of the Group Executive must reflect Group performance and the achievement of demanding financial objectives agreed by the Board at the beginning of the financial year. As the year progressed, the difficulty in delivering against these objectives in the current trading environment became increasingly evident. Ultimately, the Group's FY2012 financial performance and the performance of its divisions largely did not achieve the targets set by the Board so short term incentives have only been paid for safety performance and to the Asia Pacific and New Zealand Milling businesses, both of which achieved their EBIT targets. Importantly however, given market conditions, the Group was able to meet its normalised EBIT guidance before significant items given in February 2012, an encouraging sign for FY2013.

Committee priorities

The Committee's priority over the past year has been to oversee the introduction of a number of measures designed to further improve the Group's remuneration practices and provide greater consistency and transparency in the Group's approach to remuneration. While retaining largely the same structure, the Committee received advice and recommendations from its remuneration adviser, Mercer, which assisted in identifying changes to simplify incentive arrangements and to better align performance measures to the Group's primary focus on restoring financial performance and shareholder returns.

An equally important focus of the Committee is supporting initiatives to foster diversity, engagement, talent management and succession planning throughout all levels of the business and progress has been made in all of these areas over the past year.

Focus on the future

A key component of the Group's strategic plan is creating a business and culture that attracts and retains the brightest and best and, while significant steps have been taken towards this goal during FY2012, it is important that the Group's remuneration arrangements remain sufficiently competitive to enable it to do so. The Board continues to take a conservative approach to executive remuneration but is mindful that shareholder interests will not be served if the Group becomes unable to retain the talented people that are key to achieving the objectives of its strategic plan. Although the path to restoring earnings performance is certainly more challenging than we would have anticipated a year ago, be assured that management is working very hard to meet the targets set and they and the Directors remain committed to delivering sustainable earnings growth and optimising shareholder value as implementation of the strategic plan continues.

Chris Froggatt
Chairman
Human Resources and Remuneration Committee

FY2012 Remuneration Overview – unaudited

Key developments/changes for the year ended 30 June 2012:

	Key Developments	FY2012 Remuneration Overview
Governance/ Strategy	• Mercer appointed specialist remuneration adviser to Committee/Board in May 2011 • Comprehensive review of incentive arrangements and remuneration of key management personnel undertaken in June/July 2011 for 2012 financial year Strategic review of Group commenced in July 2011, including assessment of current business and identification of the building blocks for future growth and development	Changes arising from Mercer review: • Simplification of STI structure and increased focus on Group NPAT(1) to more closely link executive rewards to Group performance as a whole • Relative TSR measure replaces EPS for LTI Plan, to better align executive rewards with shareholder value creation • Short term incentive focussed on delivery of FY2012 NPAT result; initiatives introduced during the year to reduce the Company's cost base, optimise its manufacturing and supply chain and deliver A$100 in annualised savings by FY2014/15, with a view to enhancing shareholder value over medium to longer term
Managing Director and Chief Executive Officer (CEO) Remuneration	Appointment of Mr Chris Delaney on 4 July 2011	• Fixed remuneration $1,325,000 • Shareholder approval at November 2011 AGM for grant of: - Sign-on incentive – 1,000,000 performance rights subject to service/performance conditions - LTI – 1,250,000 rights at target performance, subject to achievement of relative TSR target over three year performance period • No STI payment for 2012 as Group targets not achieved
Senior Executive Remuneration	Departure of Managing Director, Baking Division in September 2011; appointment of new Chief Financial Officer in November 2011 and Category Managing Director, Baking in December 2011 Implementation of a new operating and management structure, effective 1 May 2012, with a number of executives being appointed to new roles	• Strengthening of management team - new appointments with significant commercial and/or industry expertise • New employment contracts for all senior executive key management personnel, due to new appointments or role changes
	Fixed Remuneration: Fixed remuneration reviewed in light of market data, job complexity and strategic plan initiatives under consideration	Fixed remuneration: • Adjustments between 0% - 3% for existing executives, with increases effective July 2011; remuneration benchmarked to comparable roles for new contracts
	Short-term Incentives: • FY2012 performance measures: - Group NPAT(1) and safety for corporate executives - Group NPAT(1), divisional EBIT(1) and safety for divisional managing directors	Incentives: • No payments of 2012 short-term incentives to senior executives except in respect of achievement of safety targets (STI of approximately 10% of opportunity for three executives) and achievement of Asia Pacific EBIT target (STI of approximately 50% of opportunity for Managing Director, Asia Pacific division)
	Long-term Incentives: • ROCE and Relative TSR measures selected, to better align executive rewards with shareholder value creation	• No allocation of shares under F2010 Performance Share Plan as performance measures not satisfied • All incentives forfeited by executives departing the business
Non-executive Director Remuneration	Results of Mercer review – fees broadly in line with comparable companies except for Audit Committee and Human Resources and Remuneration Committee Chairmen	• No increase in base Board fees for FY2012. • Committee Chairman's fees increased by $2,000 per annum for Audit Committee and $4,000 per annum for Human Resources and Remuneration Committee to reflect increased workloads and align with market averages for comparable roles

(1) Before significant items (eg. restructure costs, impairment charges, asset sales/writedowns and foreign exchange gains/losses).

2012 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 2012 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. Division, Category and Country Managing Directors are collectively referred to as "Managing Directors" throughout the report.

Details of the key management personnel (KMP) of the Group during the 2012 financial year are set out below:

Non-executive Directors	Executive Directors	
M G Ould (Chairman)[1]	C R Delaney[1]	Managing Director and Chief Executive Officer (CEO)
C J Froggatt	**Current KMP – Executives**	
S Gregg	A B Canning[2]	Managing Director, Asia Pacific division
P R Hearl	S M Gannon[3]	Chief Financial Officer (CFO)
C A Hooke	A R Hipperson[2]	Managing Director, Goodman Fielder Australia
I D Johnston	P R Reidie[2]	Managing Director, Goodman Fielder New Zealand
	S K Roberts	Managing Director, Integro Foods
	P Talwar[3]	Category Managing Director, Baking
	Former KMP – Executives	
	N A Kearney[3]	Interim Chief Financial Officer
	C M S Stiff[4]	Managing Director, Fresh Baking division

(1) Following the departure of the Company's former Chief Executive Officer, Mr Peter Margin, on 29 April 2011, Mr Ould served as Executive Chairman of the Company until Mr Delaney commenced employment on 4 July 2011.

(2) Mr Canning, Managing Director, Asia Pacific Division, was appointed Grocery Category Managing Director effective 1 July 2012. Mr Hipperson, formerly Managing Director, Home Ingredients Division, was appointed to his current role effective 1 February 2012. Mr Reidie was formerly Managing Director, Fresh Dairy Division, and was appointed to his current role effective 1 October 2011.

(3) Mr Gannon was appointed as Chief Financial Officer on 1 November 2011 and Mr Talwar as Category Managing Director, Baking on 1 December 2011. Following Mr Gannon's appointment, Mr Kearney accepted a different role within the Group on 1 November 2011 and ceased to be a member of the Company's key management personnel on that date.

(4) Mr Stiff ceased employment on 30 September 2011.

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 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 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 three independent non-executive directors:

- Ms Chris Froggatt (Chairman)
- Mr Ian Johnston; and
- Mr Peter Hearl.

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 Assistant Company Secretary and, as necessary, external advisers.

During the year, the Committee met 5 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

In May 2011, Mercer Australia Pty Limited (Mercer) was appointed as independent remuneration adviser to the Committee and Board and provided advice directly to the Committee on the following matters during or in connection with the 2012 financial year:

Date	Year Applicable	Advice/Recommendations Provided	Fees Paid
June/July 2011	2011/12	• Review of short-term and long-term incentive arrangements (primarily performance measures and target hurdles) • Development of peer group to be used for comparative purposes for Group Executive remuneration review and for performance measurement (relative TSR measure) • Review and benchmarking of Group Executive remuneration, including remuneration mix • Recommendation on non-executive Director remuneration • Ad hoc advice as requested by the Committee	$80,325
November 2011 – June 2012	2012/13	• Trends in executive remuneration and implications for 2013 financial year • Recommended changes to executive remuneration structure, including amount of long term incentive awards as a percentage of FAR • Review of long-term incentive plan rules in light of current market practice • Review of current living away from home allowance (LAFHA) arrangements and implications of potential LAFHA taxation changes for non-residents • Review and benchmarking of CEO and Group Executive remuneration • Recommendation on non-executive Director remuneration • Ad hoc advice as requested by the Committee	$62,764

In addition to the specific matters identified above, during the 2012 financial year Mercer and its related entities provided advice/services in respect of the following:

Advice/Services Provided	Fees Paid
Annual information services in relation to incentive plans and salary and benefits reviews	$11,635
Advice in relation to employee benefits and pension plan calculations for New Zealand	NZ$5,232

The terms of Mercer's engagement provide for instructions to be received from the Chairman of the Committee or the Board and reports to be provided directly to the Chairman of the Committee. Management's role is strictly limited to providing Mercer access to necessary data and information, responding to questions and providing feedback on expectations once draft findings have been submitted to the Chairman for consideration. Procedures are in place to regulate access to Mercer by management and these arrangements assist in ensuring that recommendations made by Mercer are free from undue influence by executives to whom those recommendations may relate. The Board is satisfied that the combination of:

a) the contractual arrangements between the parties;

b) the procedures adopted by both Mercer and the Committee in relation to requests for and provision of advice and recommendations; and

c) limits placed on access/contact between Mercer and Goodman Fielder management,

is sufficient and appropriate to ensure that remuneration recommendations made by Mercer are free from undue management influence.

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. Independent advice on non-executive Director remuneration was provided by Mercer for the year ended 30 June 2012. Consistent with prior years, total remuneration for non-executive Directors remained targeted between the market median and 75th percentile, with fees for the Chairman of the Board representing a multiple of approximately 2.75 times the base Board fee. As outlined in the 2011 Remuneration Report, following a review, fees were increased by $2,000 per annum for the Chairman of the Audit Committee and $4,000 per annum for the Chairman of the Human Resources and Remuneration Committee, with effect from 1 July 2011.

Non-executive Directors' Fee Pool

The current aggregate limit of $1,500,000 per annum was approved 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 2012 were $1,226,200, representing approximately 82% of the maximum amount 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. 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 the financial year and there are no unvested options or other share-based entitlements held by any Director. No pensions or other termination benefits are payable to any non-executive Director on ceasing to be a member of the Board.

Fees paid to non-executive Directors were as follows for the 2012 financial year:

	Chairman $		Member $	
	2011/12 Fees	**2010/11 Fees**	**2011/12 Fees**	**2010/11 Fees**
Board(1)	376,700(2)	376,700(2)	137,000	137,000
Audit Committee	30,800	28,800	14,400	14,400
Corporate Risk Committee	21,600	21,600	12,900	12,900
Human Resources and Remuneration Committee	20,500	16,500	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) The Chairman of the Board is not entitled to any additional fees for serving on Board Committees.

In June 2012, Mercer recommended a further increase in committee fees for the 2013 financial year for the Chairman and members of the Audit Committee and of the Human Resources and Remuneration Committee, having regard to market data from a peer group of ASX 200 listed companies of comparable size and business characteristics. The Board determined not to approve any increase in Board or committee fees for the year ending 30 June 2013.

The remuneration of the Company's non-executive Directors for the year ended 30 June 2012 is set out below:

	2012 $			2011 $		
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)**
M G Ould (Chairman)(2)	**360,925**	**15,775**	**376,700**	361,501	15,199	376,700
C J Froggatt(3)	**119,252**	**51,148**	**170,400**	113,197	50,603	163,800
S Gregg	**158,716**	**14,284**	**173,000**	158,716	14,284	173,000
P R Hearl	**149,266**	**13,434**	**162,700**	149,266	13,434	162,700
C A Hooke	**165,780**	**14,920**	**180,700**	163,945	14,755	178,700
I D Johnston	**111,031**	**51,669**	**162,700**	149,266	13,434	162,700
Total	**1,064,970**	**161,230**	**1,226,200**	1,095,891	121,709	1,217,600

(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) Following the departure of the former CEO, Mr Peter Margin, Mr Ould was appointed Executive Chairman of the Company from 30 April 2011 to 4 July 2011, the date on which Mr Chris Delaney, the Company's new Managing Director and Chief Executive Officer, commenced employment with the Group. No additional remuneration was paid to Mr Ould in relation to the period he served as Executive Chairman.

(3) Ms Froggatt was appointed Chairman of the Human Resources and Remuneration Committee on 1 January 2011.

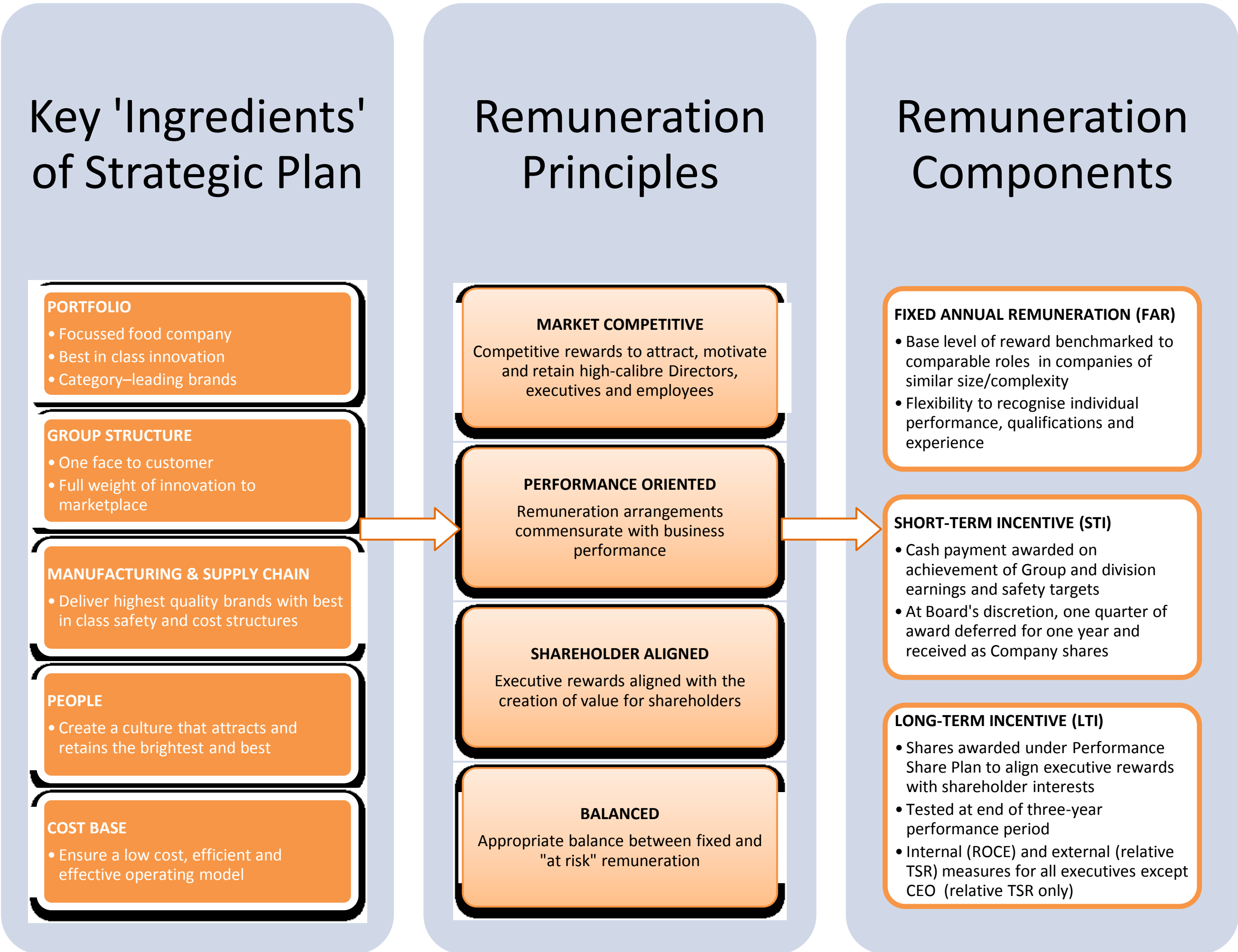
4. Executive Director and Executive Remuneration

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.



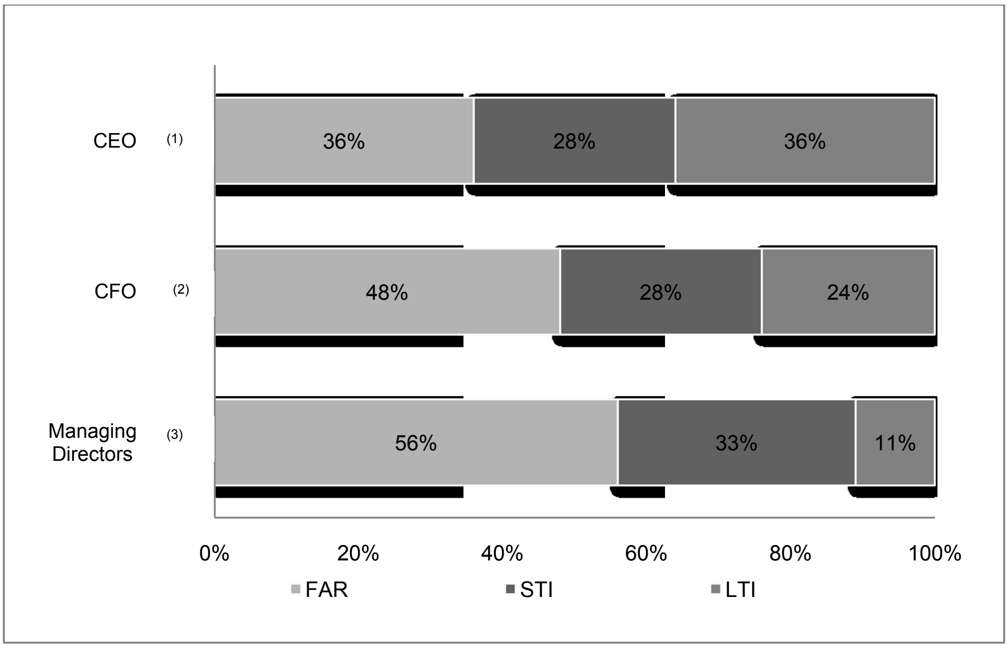
Objective and Structure

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 divisional 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 divisions • 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 • annual grant of rights to be allocated shares in the Company, subject to achievement of relevant performance and service conditions • current opportunity for target LTI for executives other than CEO and CFO is at or around 25th market percentile (based on Mercer review) but F2013 offer to be targeted at market median
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 sign-on incentives detailed on pages 32 and 33) 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 a sign-on incentive of 1,000,000 performance rights (refer to page 32) which is not reflected in the above table.

(2) Mr Gannon commenced employment as CFO on 1 November 2011. The above table represents Mr Gannon's total remuneration opportunity as if he had been employed by the Group for the full 2012 financial year, and includes an intended long-term incentive grant (refer to page 31) but excludes a sign-on incentive (refer to page 33). Prior to Mr Gannon's appointment, Mr Kearney served as CFO on an interim basis on a fixed-term contract which included a short term incentive of up to 60% of his FAR, pro-rated for the period of service. Mr Kearney's total performance-based remuneration opportunity, if he had served as interim CFO for the entire 2012 financial year, would constitute 37.5% of his total remuneration opportunity.

(3) Mr Stiff, formerly the Managing Director of the Baking Division, ceased employment with the Group on 30 September 2011 and Mr Talwar commenced employment with the Group as Category Managing Director, Baking on 1 December 2011. The above table represents the total remuneration opportunity of Division Managing Directors as if they had been employed by the Group for the full 2012 financial year, but excludes any sign-on incentives paid or payable to these senior executives (refer pages 32 and 33).

The above proportions are based upon each executive's total remuneration opportunity as approved by the Board for the year ended 30 June 2012 and do not necessarily reflect the actual remuneration received by that executive for the 2012 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. The Group uses both a 'position match' approach to roles within similarly sized organisations and the Hay points rating system to value individual roles.

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 in July/August, 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 senior executive remuneration as recommended by the CEO, such as on promotion or as a result of additional duties performed by the executive. In conjunction with the CEO, the Committee will also recommend guidelines to the Board for setting the fixed remuneration of other executives and Group employees. Guidelines approved by the Board are then used to determine annual adjustments to the remuneration of those executives and employees who are not members of the Group Executive. During the 2012 financial year, a number of new senior executives joined the Group and existing executives were appointed to new roles as a result of a management and operating restructure. A review and benchmarking of fixed and total remuneration was conducted for each individual prior to the issue of an offer and execution of a new employment contract.
Which benchmarks are used?	Remuneration for key management personnel was benchmarked against both survey data (including industry-specific survey data and data from the Asia Pacific region) and data from a remuneration peer group of 20 ASX-listed companies, primarily in the Consumer Discretionary and Consumer Staples sectors.

Short Term Incentive (STI)

In addition to FAR, senior executives have an opportunity to receive a short-term incentive award based on division 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, in cash, based upon the achievement of financial and non-financial performance measures. At the Board's discretion, one quarter of an executive's total STI earned may 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 division's 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 stretch opportunities under the FY2012 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 FY2012 performance measures?	The financial performance measures approved by the Board for the FY2012 STI Plan were: • Group net profit after tax ('**NPAT**') and • divisional 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 divisional executives assessed on a divisional target and Group executives against a Group target. The weighting between different measures is set out below:

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

The targets set at the beginning of the 2012 financial year for each financial measure required performance at or above the 2012 budget/business plan that was approved by the Board in July 2011. The 2012 budget represented an increase over the prior year's earnings before significant items (comprising restructure costs and a $300 million non-cash impairment charge).

In November 2011, the Company confirmed that the benefits of the lower interest expense resulting from the capital raising that had just been completed would be excluded from the Group's results in assessing whether the NPAT target had been achieved.

<u>Thresholds</u>: A 95% achievement threshold applied to the Group NPAT and Divisional EBIT measures, below which no payment would be made. 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 division 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 "perform and grow" 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?	In prior years, performance was assessed against a number of different financial and non-financial performance measures. For FY2012, the structure was simplified, with an increased focus on Group NPAT to more closely link executive rewards to the financial performance of the Group as a whole. Division EBIT remains a key measure to motivate and reward divisional 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 division 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 2012 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, Divisional EBIT and Group NPAT were considered appropriate financial performance criteria for the STI plan.

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 divisional SIFR targets) was the only non-financial performance measure selected for the FY2012 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 individual senior executives.
When are incentives paid?	Cash: Cash incentive entitlements approved by the Board are paid in the month following the release of the Group's results to the ASX/NZX. Shares: If the Board exercised its discretion to pay up to one quarter of the award by way of Company shares, the number of shares to which each executive would have been entitled would have been determined based upon the Company's closing share price on the ASX on 29 June 2012. Executives would have become entitled to any deferred share component of their 2012 STI during the trading window following the release of the Company's 2013 full year results, provided they remained employed by the Group at the time the shares were allocated. All shares to satisfy entitlements would have been purchased on-market.

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 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 Performance Share Plan (PSP), 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 PSP 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, targets are not re-set by the Board. The performance conditions applicable to offers under the PSP 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 PSP and the targets to be met by participants.

LTI Plan

What is the potential value of the opportunity under the PSP?	Each executive's potential opportunity under the PSP 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 F2012 PSP 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	20%	25%

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

Relevant % x $FAR	÷	Closing share price on the last trading day prior to commencement of the performance period[(1)]	=	**Number of Shares**

(1) 30 June or the last trading day prior to 30 June in each year.

What are the relevant performance measures?

F2012 offer (Performance Period 1 July 2011 – 30 June 2014):

The financial performance measures approved by the Board for the F2012 PSP offer were:

- 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 other than the CEO, the ROCE and TSR measures are equally weighted. The CEO's incentive is based solely on the Company's relative TSR performance.

The following performance targets apply to the ROCE component of the F2012 offer:

ROCE	12%	13%	14%	15%
Percentage of ROCE component earned	50%	75%	100%	125%

The TSR performance targets which apply to the F2012 offer are as follows:

Goodman Fielder TSR performance measured against comparator group	**Percentage of TSR Component Earned** ***CEO***	**Percentage of TSR Component Earned** ***Other Senior Executives***
0 to 49th percentile	Nil	Nil
50th to 64th percentile	50%	50%
65th to 74th percentile	100% - 149%	100% - 124%
75th to 100th percentile	150%	125%

LTI Plan

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

Prior year offers under the PSP:

Prior year PSP offers for which the performance period has not yet ended included a performance measure relating to annual compound growth in earnings per share (**'EPS'**) rather than relative TSR performance.

EPS is determined by dividing the Group's normalised net profit after tax from continuing operations attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares on issue throughout the year. Normalised net profit is determined before the impact of significant items. (The Company's prior year EPS has been adjusted retrospectively to take into account the additional shares issued by the Company in connection with the capital raising.)

The performance targets set out below apply to prior year offers to executives under the PSP:

F2010 Offer – Performance Period: 1 July 2009 to 30 June 2012				
EPS Growth	7%	8%	9%	10%
Incentive entitlement	50%	75%	100%	125%[1]
ROCE	12%	13%	14%	15%
Incentive entitlement	50%	75%	100%	125%[1]

F2011 Offer – Performance Period: 1 July 2010 to 30 June 2013				
EPS Growth	7%	8%	10%	15%
Incentive entitlement	50%	75%	100%	125%[1]
ROCE	15%	16%	17%	18%
Incentive entitlement	50%	75%	100%	125%[1]

(1) Executives are entitled to a 'stretch' incentive for achievement of the relevant performance criterion.

Why were the performance measures selected?

EPS and ROCE were selected as they are considered to be effective measures for determining the underlying profitability of the business and the effective deployment of assets.

The Board wished to include a market-based performance measure for the F2012 offer and a relative TSR measure replaced EPS 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/EPS: 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.

TSR: At the end of the performance period, Goodman Fielder's TSR performance is measured against the performance of a comparator group of 20 companies within the consumer staples, consumer discretionary, healthcare, IT and telecommunications sectors which have assets, revenues and net income broadly comparable to the Company. 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 comprised the following companies at the time of the F2012 offer:

Billabong International Limited, Coca-Cola Amatil Limited, Computershare Limited, CSL Limited, Crown Limited, David Jones Limited, Fairfax Media Limited, Foster's Group Limited[1]*, 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, Tatts Group Limited* and *Telecom Corporation of New Zealand Limited*[2].

(1) now excluded from comparator group following removal from Official List of ASX on acquisition by another entity
(2) now excluded from comparator group following restructure/demerger of company into two separate entities or sale of significant business to another entity

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 PSP participants. In general, in order for shares to be allocated under the PSP, at least one of the performance targets must be met to a minimum level.The Board retains discretion to award incentives under the PSP, 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 PSP 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.

Summary of Executive Entitlements under PSP Offers

Mr Kearney did not participate in the PSP during the period he was a member of the Group's key management personnel. Details of entitlements to acquire shares in the Company under the PSP that were granted to other Group executives who are key management personnel are as follows:

Executive Share Entitlements under EPS/ROCE and TSR Components of PSP	Entitlement to ordinary shares under PSP - number of shares(1)	Effective grant date(2)	Performance period ends	% of total opportunity		Expense/(credit) recognised at 30 June 2012 $(3)(4)	Financial year in which shares will be allocated
				% Earned in year	% Forfeited in year		
EPS/ROCE Component – Current KMP - Executives							
A B Canning	48,821	13 December 2011	30 June 2014	-	-	4,701	2014/15
	52,074	15 December 2010	30 June 2013	-	-	(3,397)	2013/14
	52,107	15 December 2009	30 June 2012	-	100%	(7,643)	2012/13
S M Gannon(5)	188,679(5)	15 August 2012(5)	30 June 2014	-	-	12,317(5)	2014/15
A R Hipperson	62,854	13 December 2011	30 June 2014	-	-	6,053	2014/15
	82,821	15 December 2010	30 June 2013	-	-	(5,403)	2013/14
	82,874	15 December 2009	30 June 2012	-	100%	(12,155)	2012/13
P R Reidie	67,751	13 December 2011	30 June 2014	-	-	6,524	2014/15
	91,846	15 December 2010	30 June 2013	-	-	(5,992)	2013/14
	83,668	15 December 2009	30 June 2012	-	100%	(12,271)	2012/13
S K Roberts	56,423	13 December 2011	30 June 2014	-	-	5,433	2014/15
	86,765	15 December 2010	30 June 2013	-	-	(5,660)	2013/14
	86,820	15 December 2009	30 June 2012	-	100%	(12,734)	2012/13
P Talwar	61,321	13 December 2011	30 June 2014	-	-	5,905	2014/15
EPS/ROCE Component – Former KMP - Executives							
C M S Stiff(6)	108,253	15 December 2010	30 June 2013	-	100%	(7,062)	2013/14
	107,280	15 December 2009	30 June 2012	-	100%	(15,734)	2012/13
TSR Component - Executive Directors							
C R Delaney(4)	1,250,000	13 December 2011	30 June 2014	-	-	62,500	2014/15
TSR Component – Current KMP - Executives							
A B Canning	48,821	13 December 2011	30 June 2014	-	-	1,356	2014/15
S M Gannon(5)	188,679(5)	15 August 2012(5)	30 June 2014	-	-	3,931(5)	2014/15
A R Hipperson	62,854	13 December 2011	30 June 2014	-	-	1,746	2014/15
P R Reidie	67,751	13 December 2011	30 June 2014	-	-	1,882	2014/15
S K Roberts	56,423	13 December 2011	30 June 2014	-	-	1,567	2014/15
P Talwar	61,321	13 December 2011	30 June 2014	-	-	1,703	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 $1.54 at 15 December 2009, $1.37 at 15 December 2010 and $0.52 at 13 December 2011.

(3) In general, the performance criteria must be achieved before any shares are allocated under the PSP, as outlined above. Therefore the minimum potential value of the entitlements under the PSP is nil. The maximum value of the entitlements under the PSP 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 2010, 2011 and 2012 share entitlements for executives which related to the achievement of ROCE and/or EPS performance criteria was $1.54 per share, $1.37 per share and $0.52 per share, respectively. The credits recognised in respect of the F2010 and F2011 offers reflect adjustments to the net amount expensed based upon the assessed probability of achieving the performance hurdles applicable to the offer. The closing share price for the Company's ordinary shares on the ASX at 30 June 2010, 30 June 2011 and 29 June 2012 was $1.345 per share, $1.06 per share and $0.55 per share, respectively.

(4) The estimated fair value of the F2012 share entitlements which related to the achievement of the relative TSR performance criterion under the PSP was $0.15 per share. The estimated fair value was 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 offer include a risk free rate of 3.06%, a dividend yield of 9.62% and volatility in the share price of 45%. 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 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) Grants under the PSP are generally made during a trading window. At the time of the last trading window of the 2012 financial year, which ended on 16 March 2012, the total number of shares to which Mr Gannon would be entitled under the F2012 PSP offer had not been finally agreed. The Company intends to offer Mr Gannon rights to 377,358 shares under the PSP. A letter of offer in respect of these rights will be issued to Mr Gannon during the Company's next trading window, which will commence on 15 August 2012. For the purposes of determining the amounts to be expensed during the 2012 financial year in respect of those entitlements to shares, an estimated fair value of $0.47 per share has been used in relation to the ROCE criterion, based upon the closing share price for the Company's ordinary shares on the ASX on 23 July 2012, and an estimated fair value of $0.15 per share has been used in relation to the TSR criterion, consistent with the estimated fair value used in respect of the entitlements of other senior executives.

(6) As Mr Stiff ceased employment with the Group on 30 September 2011, all of his entitlements to shares under the PSP were forfeited at that time. Accordingly, amounts expensed in prior years in relation to his entitlements under the PSP have been reversed in accordance with accounting standards.

Other Discretionary Payments or Benefits

Mr Delaney's employment contract provided for him to be offered a sign-on incentive of 1,000,000 performance rights to join the Company. Each performance right represents an entitlement to one fully paid ordinary share in the Company, subject to the following service and performance conditions:

a) 500,000 performance rights will 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 will 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.

The non-executive Directors considered the sign-on incentive to be reasonable in the circumstances to attract a CEO of Mr Delaney's experience and capabilities and the incentive was approved by shareholders at the Company's 2011 Annual General Meeting.

If Mr Delaney's employment ceases prior to the end of the three year period, the performance rights that are subject to the EPS performance condition will vest on a pro-rata basis for the period that has been completed, provided the EPS target has been met over that reduced period. The rights subject to the continued employment condition will be forfeited if Mr Delaney's employment ceases prior to the end of the three-year period.

C R Delaney	Entitlement to ordinary shares under sign-on incentive - number of shares(1)	Effective grant date(2)	Performance period ends	% of total opportunity: % Earned in year	% of total opportunity: % Forfeited in year	Expense recognised at 30 June 2012 $(3)	Financial year in which shares will be allocated
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	-	-	86,667	2014/15

(1) Represents the maximum number of shares to which Mr Delaney will be entitled if the performance and service conditions are fully satisfied.

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

(3) In general, the service/performance criteria must be achieved before any shares are allocated under Mr Delaney'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 his 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 is $0.52 per share. The closing share price for the Company's ordinary shares on the ASX at 29 June 2012 was $0.55 per share.

Mr Delaney is also entitled to health care insurance coverage for himself and his family and taxation advisory services for the preparation of his tax returns while employed by the Group. His visa requires that the Group cover the costs of relocating Mr Delaney and his family to the United States on cessation of his employment, unless he becomes sponsored by another employer or is issued a different class of visa.

The Group also paid a sign-on incentive of $150,000 to Mr Talwar to join the Group. The sign-on incentive, which was paid in cash in January 2012, was considered reasonable to secure the services of Mr Talwar, an experienced consumer food industry executive with bakery, manufacturing and strategic planning expertise.

Mr Talwar's employment arrangements provide for the payment of his initial relocation costs to Australia, annual return flights to the United States for himself and his family in the first two years of his contract, health care insurance coverage for himself and his family and taxation advisory services for the preparation of his tax returns while employed by the Group. As required by his visa, the costs of relocating Mr Talwar and his family to the United States on cessation of his contract must be borne by the Group, unless he becomes sponsored by another employer or is issued a different class of visa.

In connection with Mr Gannon's sign-on arrangements with the Group, the Board determined to offer a share-based incentive to Mr Gannon in the form of rights to shares in the Company. As the terms of the proposed incentive were not agreed and approved until after the last trading window of the 2012 financial year, an offer to Mr Gannon will be made during the Company's next trading window, which commences on 15 August 2012. Mr Gannon will be offered rights to 300,000 shares in the Company, which will vest on 1 December 2014, subject to his continued employment with the Group at the end of that period. The rights will vest pro-rata in the event of Mr Gannon being made redundant or a change in control of the Company. The Board considered the share-based incentive reasonable for a senior finance executive of Mr Gannon's experience.

				% of total opportunity			
S M Gannon	**Entitlement to ordinary shares under sign-on incentive - number of shares[(1)]**	**Effective grant date**	**Performance period ends**	**% Earned in year**	**% Forfeited in year**	**Expense recognised at 30 June 2012 $[(2)]**	**Financial year in which shares will be allocated**
Service condition	300,000	15 August 2012	30 November 2014	-	-	27,417	2014/15

(1) Represents the maximum number of shares to which Mr Gannon will be entitled if the service condition is fully satisfied.

(2) In general, the service criterion must be achieved before any shares are allocated under Mr Gannon's retention incentive. Therefore the minimum potential value of the entitlements under the incentive is nil. The maximum value of the entitlements under his retention incentive has been determined using on an estimated fair value of $0.47 per share, based upon the closing share price for the Company's ordinary shares on the ASX on 23 July 2012. The closing share price for the Company's ordinary shares on the ASX at 29 June 2012 was $0.55 per share.

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 2012.

Termination Benefits

Termination benefits paid to Mr Stiff represents statutory leave entitlements to the date he ceased employment with the Group, as well as a termination payment equal to 12 months' FAR in lieu of notice in accordance with his contractual arrangements with the Company.

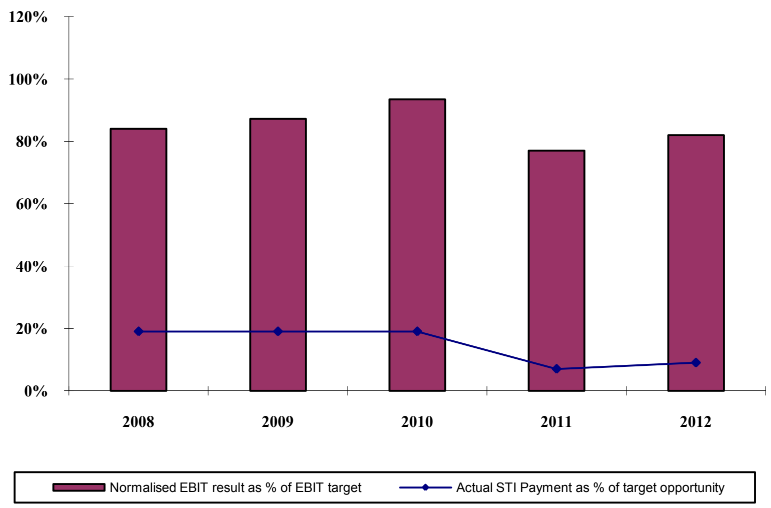
5. Group Performance

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), earnings per share (EPS), 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 2008 excludes the impact of a $170 million non-cash impairment charge, $27.6 million in restructuring costs, $11.9 million in gains on asset sales and a $10.2 million discount on acquisition of a business.
- The normalised EBIT result for the financial year ended 30 June 2009 excludes the impact of $21.3 million in gains on the sale of assets/businesses and $10.7 million in restructuring costs.
- 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.

Payment of 2012 Short Term Incentives and Vesting of 2012 Long Term Incentives

The Group's financial performance for the year ended 30 June 2012 was significantly impacted by the very challenging trading conditions experienced by its Australian and New Zealand businesses. While the Asia Pacific division and New Zealand Milling business performed strongly, the Australia/New Zealand Baking division was adversely affected by increased competitive pressure in relation to both private label and proprietary branded bread, as well as higher labour and logistics costs. The Group's Home Ingredients and Fresh Dairy divisions were also impacted by weak retail markets in Australia and New Zealand, with private label product sales affecting branded volumes. As a result of the continuing challenging market conditions, Goodman Fielder adopted a prudent approach to the valuation of its businesses and recorded non-cash impairment charges totalling A$110 million to the goodwill of its Australian and New Zealand Baking business and Home Ingredients New Zealand business. The Group also incurred non-cash impairment charges for businesses currently under review of $77.8 million. Although Group performance did not achieve the NPAT target set by the Board for the 2012 financial year, the Group was able to meet its normalised EBIT guidance of A$230 – A$245 million before restructuring/redundancy costs and non-cash impairment charges that was announced in February 2012. Strategic initiatives are currently being undertaken to improve manufacturing efficiency, rationalise the Group's product portfolio and reduce distribution costs.

2012 Short Term Incentives

Payments to key management personnel for the 2012 financial year under the STI plan were limited to the achievement of safety targets (which are not linked to Group financial performance) for the Integro Foods and Home Ingredients divisions, and the achievement of safety targets and a target normalised EBIT result for the Asia Pacific division. The New Zealand Milling business also achieved its target EBIT result.

Short-term incentives paid or payable to executives who are key management personnel in respect of the 2012 financial year are set out below and in the table on page 39. The Board approved payment of the incentive awards entirely 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:

	2012 Short Term Incentive		
Executive Directors	**Included in remuneration[(1)] ($)**	**% of total opportunity[(2)]**	
		% earned in year	**% forfeited in year**
C R Delaney	0	0%	100%
Current KMP - Executives			
A B Canning	186,300	60%	40%
S M Gannon	0	0%	100%
A R Hipperson	39,975	10%	90%
P R Reidie	0	0%	100%
S K Roberts	35,885	10%	90%
P Talwar[(3)]	0	0%	100%
Former KMP - Executives			
C M S Stiff[(4)]	N/A	N/A	N/A
N A Kearney	0	0%	100%

(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 determination of percentages earned/forfeited in the year.

(3) The above table relates only to incentives paid or payable under the Company's short-term incentive plan. It does not include a $150,000 sign-on incentive paid to Mr Talwar in January 2012, which is separately disclosed on page 32 of this report.

(4) Mr Stiff ceased employment with the Group on 30 September 2011. He did not participate in the 2012 short term incentive plan.

No amounts vest in future financial years in respect of the short term incentive scheme for the 2012 financial year.

2012 Long Term Incentives

No shares were awarded to executives under the F2010 Performance Share Plan offer as the Group did not achieve its ROCE and EPS performance targets at 30 June 2012, 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. Trading conditions since 1 January 2011 have been particularly difficult.

In determining the remuneration structure and at-risk remuneration of senior executives, the Board is mindful of the impact of external economic factors on business performance. It continues to set challenging performance targets which reward executives both for Group financial performance and also for the achievement of key Group objectives, such as ongoing improvements in employee safety. The Board recognises the importance of maintaining a meaningful link between executive rewards and the creation of shareholder value, which is reflected in the limited short-term incentive payments made in the past five years. STI payments have been largely for the achievement of safety measures or individual performance objectives, with some payments to divisional executives who have achieved divisional financial performance targets. Divisional and/or Group earnings thresholds have been introduced in the past three years, which apply to all measures other than safety. No shares have been awarded to executives under the Performance Share Plan to-date as EPS and ROCE 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.

Financial Year Ended 30 June	2008	2009	2010	2011	2012
Reported NPAT ($m)	27.7	175.7	161.1	(166.7)	(146.9)
Reported EBIT ($m)	151.5	317.5	324.0	(13.4)	(34.1)
Safety (SIFR) (per million hours worked)	36.0	34.5	26.2	19.8	21.1
Dividends per share (cents)	13.5	10.5	10.75	7.75	Nil
Earnings per share (cents) (1)	1.9	12.3	10.9	(11.2)	(8.3)
ROCE (%) (normalised)(2)	12.7%	12.2%	13.3%	13.5%	11.6%
Closing share price on ASX (A$ at 30 June)	1.405	1.305	1.345	1.06	0.55
STI Payment as % of Target Opportunity (%)	19%	19%	19%	7%	9%
LTI Payment as % of Target Opportunity (%)	0	0	0	0	0

(1) In accordance with accounting standards, earnings per share calculations have been 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 34.

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 Kearney, Mr Talwar and Mr Delaney, 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.

Interim Chief Financial Officer

Mr Neil Kearney served as the Company's interim Chief Financial Officer under an initial six-month fixed term employment contract that was extended for a further six-month period on 21 June 2011.

Under Mr Kearney's contract, he was eligible to participate in the Group's short-term incentive plan on a pro-rated basis and his financial performance and safety objectives under the STI plan were identical to other Group executives.

Under the contract, the Group was required to provide Mr Kearney with one month's notice of termination or payment of the balance of the fixed term of the contract in lieu of the relevant notice period. His contract was able to be terminated without notice for serious misconduct and, in such event, he would have been paid the remuneration to which he was entitled (including leave entitlements and superannuation) until the date of termination. Mr Kearney was able to terminate his contract at any time by giving one month's notice.

Mr Kearney's fixed term contract was terminated on 1 November 2011, at which time he accepted the role of Chief Strategy and Corporate Development Officer for the Company.

Category Managing Director, Baking

Mr Pankaj Talwar was appointed to the role of Category Managing Director, Baking on 1 December 2011. Mr Talwar is engaged under a 4 year fixed-term contract which can be terminated on notice with payment of up to 12 months' FAR in lieu of notice.

Otherwise, the terms of Mr Talwar's engagement are the same as other executives.

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 2012 financial year are as follows:

Key Contractual Terms	CEO	Other Senior Executives
Term of Contract	4 years commencing 4 July 2011	Rolling annual agreement subject to termination on notice (other than Mr Talwar, who is employed on a 4 year fixed term contract)
Termination		
By Goodman Fielder, with notice	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	For all executives other than Mr Reidie and Mr Roberts, if 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 3 months' FAR (with no other notice periods or notice provisions to apply)
By executive	At any time with 6 months' notice in writing	At any time with 3 months' notice
Obligations and Entitlements on Completion of Employment		
Unvested Incentive Awards[(1)]	Subject to shareholder approval and/or the Board's discretion, as applicable: - unvested rights which are subject to performance conditions will vest pro rata, provided performance measures have been achieved for the portion of the performance period which has been completed - a pro rata STI award may be paid where performance is on target to achieve the full year performance measures determined by the Board - 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 other than Mr Roberts, for a period of up to 12 months following termination of employment, the executive is restrained from: - involvement in any business 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 enticing 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
Other		
Non-compete restriction	Under the terms of a non-compete restriction imposed by Mr Delaney's previous employer, he was unable to participate in the management of the Group's biscuits business until 1 April 2012. During this interim period, management of the business was undertaken by the Chief Financial Officer and the Managing Director of the Home Ingredients division, supported by other senior executives within the division and Group.	N/A

(1) 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 Annual General Meeting. 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 2012

Table 1: Total remuneration for Executive Director and Senior Executives for the financial year ended 30 June 2012

		SHORT TERM BENEFITS				POST EMPLOYMENT						
A$	**Year**	**Salary & fees**	**Short-term cash incentives (a)**	**Increase in annual leave accrual(b)**	**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(1) *Managing Director and Chief Executive Officer*	**2012**	**1,277,681**	**-**	**45,488**	**51,370**	**-**	**100,000**	**160**	**-**	**235,834**	**1,710,533**	**8.7%**
	2011	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
A B Canning(2) *Managing Director, Asia Pacific division*	**2012**	**509,667**	**186,300**	**17,816**	**2,475**	**15,775**	**-**	**836**	**-**	**(4,983)**	**727,886**	**26.2%**
	2011	182,885	-	17,816	935	5,763	-	482	-	(8,775)	199,106	-%
S M Gannon(1) *Chief Financial Officer*	**2012**	**522,817**	**-**	**31,003**	**-**	**10,517**	**-**	**57**	**-**	**43,665**	**608,059**	**2.7%**
	2011	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
A R Hipperson(3) *Managing Director, Goodman Fielder Australia*	**2012**	**678,729**	**39,975**	**29,793**	**2,475**	**15,775**	**-**	**46,886**	**-**	**(9,759)**	**803,874**	**5.9%**
	2011	574,572	-	25,293	2,475	15,199	-	30,989	-	(13,817)	634,711	-%
P R Reidie(4) *Managing Director, Goodman Fielder New Zealand*	**2012**	**668,366**	**-**	**20,124**	**9,166**	**21,264**	**-**	**292**	**-**	**(9,857)**	**709,355**	**1.2%**
	2011	554,037	34,996	71,166	6,365	28,300	-	286	-	(13,412)	681,738	5.0%
S K Roberts *Managing Director, Integro Foods*	**2012**	**526,489**	**35,885**	**11,841**	**27,294**	**47,878**	**-**	**512**	**-**	**(11,394)**	**638,505**	**6.6%**
	2011	512,842	16,174	706	23,351	47,302	-	763	-	(14,475)	586,663	2.7%
P Talwar(1) *Category Managing Director, Baking*	**2012**	**379,167**	**150,000**	**26,598**	**157,501**	**-**	**100,000**	**40**	**-**	**7,608**	**820,914**	**0.9%**
	2011	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Former Executives												
C M S Stiff(5) *Managing Director, Fresh Baking*	**2012**	**177,437**	**-**	**-**	**619**	**3,944**	**-**	**-**	**796,681**	**(22,796)**	**955,885**	**-%**
	2011	698,576	-	17,519	4,225	25,199	-	703	-	(17,818)	728,404	-%
N A Kearney(2) *Interim Chief Financial Officer*	**2012**	**218,575**	**-**	**18,236**	**6,676**	**25,266**	**-**	**-**	**-**	**-**	**268,753**	**-%**
	2011	234,613	18,144	22,428	8,278	59,967	-	-	-	-	343,430	5.3%
P M Margin(6)	2011	1,288,399	-	-	2,056	53,498	-	-	1,559,772	(465,196)	2,438,529	-%
G G W Erby(6)	2011	378,361	-	-	1,144	35,372	-	-	106,685	(39,684)	481,878	-%
D K Goldsmith(6)	2011	458,573	-	-	1,613	30,180	-	-	62,063	(41,819)	510,610	-%
Total Remuneration for Executives	**2012**	**4,958,928**	**412,160**	**200,899**	**257,576**	**140,419**	**200,000**	**48,783**	**796,681**	**228,318**	**7,243,764**	**6.3%**
	2011	4,882,858	69,314	154,928	50,442	300,780	-	33,223	1,728,520	(614,996)	6,605,069	1.5%

(1) Comparative information has not been provided for Messrs Delaney, Gannon and Talwar as they were not key management personnel of the Group for the year ended 30 June 2011. Mr Delaney was appointed Chief Executive Officer on 4 July 2011, Mr Gannon was appointed Chief Financial Officer on 1 November 2011 and Mr Talwar was appointed Category Managing Director, Baking on 1 December 2011. Sign on incentives for Mr Delaney and Mr Talwar are disclosed in share-based payments and short-term cash incentives, respectively. Details of these amounts are set out on page 32. Details of Mr Gannon's share-based incentives are set out on pages 31 and 33. Also included in post-employment benefits for the current year for Mr Delaney and Mr Talwar are estimated relocation costs to the United States on cessation of their contracts as, under the requirements of their visas, the Group has responsibility for relocation of those executives and their families on cessation of their employment with Group, unless they become sponsored by another employer or are issued a different class of visa (eg. a permanent residency visa). The amounts included as remuneration may not be indicative of the benefit (if any) Mr Delaney and Mr Talwar may ultimately receive on cessation of their employment with the Group.

(2) Comparative information for Mr Canning reflects his appointment as Managing Director, Asia Pacific division on 14 February 2011. Comparative information for 2011 for Mr Kearney is pro-rated to reflect his commencement as interim Chief Financial Officer on a fixed-term contract on 31 January 2011. On 1 November 2011, following the appointment of Mr Gannon as Chief Financial Officer, Mr Kearney ceased to be a member of the Group's key management personnel.

(3) Mr Hipperson was appointed Managing Director, Home Ingredients division effective 14 February 2011 and Managing Director, Goodman Fielder Australia effective 1 February 2012.

(4) Remuneration for Mr Reidie is payable in New Zealand dollars and for the purposes of disclosure has been converted to Australian dollars at the rate of A$1.00/NZ$1.28 (2011: A$1.00/NZ$1.30). Mr Reidie was appointed Managing Director, Goodman Fielder New Zealand effective 1 October 2011.

(5) Mr Stiff ceased employment with the Goodman Fielder Group on 30 September 2011 and his entitlements to share-based incentives were forfeited on the date he ceased employment. Accordingly, all amounts recognised in prior years in respect of entitlements which were forfeited in 2012 have been reversed in accordance with accounting standards.

(6) For comparative purposes, the table includes the 2011 remuneration of former key management personnel who ceased employment with the Group during the 2011 financial year and were replaced by other key management personnel 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 and, for Mr Talwar, represents a $150,000 sign-on incentive paid on commencement of employment with the Group.

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

(c) These amounts represent remuneration received in non-monetary form, including car park allowances, housing allowances, relocation costs 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 Performance Share Plan was determined in accordance with AASB 2 Share-Based Payment. The amounts recognised in prior years for executives represents two-thirds and one-third, respectively, of the value of their entitlements under the F2010 and F2011 offers in respect of the EPS/ROCE performance targets. These amounts have been reversed in the 2012 financial year based upon the current assessed probability of achievement of the performance targets. Details of the amounts recognised in 2012 for executives under the F2012 offer are set out on page 31.

(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 2012 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.

Non – Audit Services

During the period ended 30 June 2012, 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 reviewing or auditing the auditor's own work, acting in a management or decision-making capacity for the Company, acting as an advocate for the Company or jointly sharing risks and rewards; 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 42 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

14 August 2012

Max Ould
Chairman

14 August 2012

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 2012 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

14 August 2012

Goodman Fielder Limited
Consolidated income statement
For the year ended 30 June 2012

	Notes	**2012** **$m**	2011[(2)] $m
Continuing operations			
Revenue		**2,212.5**	2,215.0
Other income	5	**9.0**	13.9
Cost of sales		**(1,412.1)**	(1,368.0)
Warehousing and distribution expenses		**(335.8)**	(322.4)
Selling and marketing expenses		**(150.6)**	(164.3)
General and administration expenses		**(195.4)**	(120.6)
Other[(1)]		**(145.3)**	(300.0)
Expenses, excluding finance costs		**(2,239.2)**	(2,275.3)
Net finance costs	6	**(90.1)**	(101.4)
Loss before income tax from continuing operations		**(107.8)**	(147.8)
Income tax expense	7	**(9.0)**	(38.2)
Loss for the year from continuing operations		**(116.8)**	(186.0)
Discontinuing operations			
(Loss)/profit from discontinued operations, net of income tax[(3)]	8	**(23.1)**	24.7
Loss for the year		**(139.9)**	(161.3)
Attributable to:			
Owners of Goodman Fielder Limited		**(146.9)**	(166.7)
Non-controlling interest		**7.0**	5.4
Loss for the year		**(139.9)**	(161.3)
		Cents	Cents
Earnings per share for loss attributable to the owners of Goodman Fielder Limited from continuing operations:			
Basic earnings per share	43	**(7.0)**	(12.9)
Diluted earnings per share	43	**(7.0)**	(12.9)
		Cents	Cents
Earnings per share for loss attributable to the owners of Goodman Fielder Limited from continuing and discontinued operations:			
Basic earnings per share	43	**(8.3)**	(11.2)
Diluted earnings per share	43	**(8.3)**	(11.2)

(1) Impairment charge on Fresh Baking goodwill of $101.0m and Home Ingredients goodwill and intangibles of $44.3m. The comparatives include an impairment charge on Fresh Baking goodwill of $300.0m Refer to note 6 and 18 for more details.

(2) The 2011 comparative figures have been restated to separately disclose the net profit arising from discontinued operations as set out in note 1(m) and 8.

(3) Included in the current year loss from discontinued operations is an impairment charge on NZ Milling goodwill of $42.5m. For further details refer to notes 8 and 18.

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

	Notes	**2012** *$m*	2011 *$m*
Loss for the year		**(139.9)**	(161.3)
Other comprehensive income/(loss) (net of tax)			
Foreign currency translation differences	29	**5.4**	(50.3)
Effective portion of changes in the fair value of cash flow hedges	29	**1.1**	0.2
Exchange differences on non-controlling interest		**1.9**	(0.6)
Other comprehensive income/(loss) for the year (net of tax)		**8.4**	(50.7)
Total comprehensive loss for the year		**(131.5)**	(212.0)
Attributable to:			
Owners of Goodman Fielder Limited		**(140.4)**	(216.8)
Non-controlling interest		**8.9**	4.8
Total comprehensive loss for the year		**(131.5)**	(212.0)

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

	Notes	**2012** **$m**	2011 $m
Assets			
Current assets			
Cash and cash equivalents	9	**161.7**	79.9
Trade and other receivables	10	**227.6**	246.1
Inventories	11	**128.0**	196.2
Derivative financial instruments	12	**1.7**	0.4
Current tax receivable		**13.7**	8.9
Other current assets	13	**9.0**	4.9
Assets classified as held for sale	8	**177.1**	-
Total current assets		**718.8**	536.4
Non-current assets			
Receivables	14	**2.4**	3.6
Investments in jointly controlled entities	15	**4.1**	2.8
Property, plant and equipment	16	**498.1**	608.3
Deferred tax assets	17	**57.7**	60.0
Intangible assets	18	**1,411.6**	1,571.2
Other non-current assets	19	**1.1**	0.8
Total non-current assets		**1,975.0**	2,246.7
Total assets		**2,693.8**	2,783.1
Liabilities			
Current liabilities			
Trade and other payables	21	**275.2**	313.1
Borrowings	22	**51.0**	51.1
Derivative financial instruments	12	**23.7**	23.2
Current tax liabilities		**15.0**	17.6
Provisions	24	**61.6**	49.9
Liabilities classified as held for sale	8	**7.6**	-
Total current liabilities		**434.1**	454.9
Non-current liabilities			
Borrowings	25	**786.2**	912.3
Deferred tax liabilities	26	**20.5**	17.9
Provisions	27	**15.2**	15.6
Derivative financial instruments	12	**62.7**	82.1
Total non-current liabilities		**884.6**	1,027.9
Total liabilities		**1,318.7**	1,482.8
Net assets		**1,375.1**	1,300.3
Equity			
Contributed equity	28	**2,063.7**	1,812.2
Reserves	29(a)	**(252.9)**	(259.5)
Accumulated losses	29(b)	**(441.7)**	(260.3)
Capital and reserves attributable to owners of Goodman Fielder Limited		**1,369.1**	1,292.4
Non-controlling interest		**6.0**	7.9
Total equity		**1,375.1**	1,300.3

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

	Notes	Contributed equity $m	Hedging reserve $m	Foreign currency translation reserve $m	Share based payment reserve $m	(Accumulated losses)/ retained earnings $m	Total $m	Non-controlling interest $m	Total equity $m
		Attributable to owners of Goodman Fielder Limited and its controlled entities							
Balance at 1 July 2010		**1,812.2**	**(24.0)**	**(185.9)**	**1.7**	**54.8**	**1,658.8**	**9.2**	**1,668.0**
(Loss)/profit for the year		-	-	-	-	(166.7)	(166.7)	5.4	(161.3)
Other comprehensive income/(loss) for the year	29	-	0.2	(50.3)	-	-	(50.1)	(0.6)	(50.7)
Total comprehensive income/(loss) for the year		**-**	**0.2**	**(50.3)**	**-**	**(166.7)**	**(216.8)**	**4.8**	**(212.0)**
Transactions with owners in their capacity as owners:									
Dividends paid to shareholders	30	-	-	-	-	(148.4)	(148.4)	(6.1)	(154.5)
Share based payment transactions		-	-	-	(1.2)	-	(1.2)	-	(1.2)
Balance at 30 June 2011		**1,812.2**	**(23.8)**	**(236.2)**	**0.5**	**(260.3)**	**1,292.4**	**7.9**	**1,300.3**
Balance at 1 July 2011		**1,812.2**	**(23.8)**	**(236.2)**	**0.5**	**(260.3)**	**1,292.4**	**7.9**	**1,300.3**
(Loss)/income for the year		-	-	-	-	(146.9)	(146.9)	7.0	(139.9)
Other comprehensive income/(loss) for the year	29	-	1.1	5.4	-	-	6.5	1.9	8.4
Total comprehensive income/(loss) for the year		**-**	**1.1**	**5.4**	**-**	**(146.9)**	**(140.4)**	**8.9**	**(131.5)**
Transactions with owners in their capacity as owners:									
Contributions of equity, net of transaction costs and tax	28	251.5	-	-	-	-	251.5	-	251.5
Dividends paid to shareholders	30	-	-	-	-	(34.5)	(34.5)	(10.8)	(45.3)
Share based payment transactions		-	-	-	0.1	-	0.1	-	0.1
Balance at 30 June 2012		**2,063.7**	**(22.7)**	**(230.8)**	**0.6**	**(441.7)**	**1,369.1**	**6.0**	**1,375.1**

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

	Notes	**2012** **$m**	2011 *$m*
Cash flows from operating activities			
Receipts from customers		**2,744.6**	2,734.2
Payments to suppliers and employees		**(2,495.4)**	(2,394.2)
Insurance proceeds	3	**10.0**	8.6
Interest received		**1.9**	1.5
Interest paid		**(90.3)**	(102.3)
Income taxes paid		**(41.8)**	(40.2)
Net cash inflow from operating activities	40	**129.0**	207.6
Cash flows from investing activities			
Payments for property, plant and equipment and intangibles		**(84.8)**	(103.6)
Payment for business acquired		**-**	(0.3)
Proceeds from sale of property, plant and equipment		**0.2**	0.6
Net cash outflow from investing activities		**(84.6)**	(103.3)
Cash flows from financing activities			
Proceeds from issues of shares	28	**251.5**	-
Proceeds from borrowings		**378.5**	1,611.1
Repayment of borrowings		**(551.2)**	(1,549.5)
Finance lease payments		**(1.1)**	(1.1)
Dividends paid (net of dividend reinvestment plan)	30	**(34.5)**	(148.4)
Dividends paid to outside equity interests		**(10.8)**	(6.1)
Net cash inflow/(outflow) from financing activities		**32.4**	(94.0)
Net increase in cash and cash equivalents		**76.8**	10.3
Cash and cash equivalents at the beginning of the financial year		**79.9**	73.3
Effects of exchange rate changes on cash and cash equivalents		**5.0**	(3.7)
Cash and cash equivalents at end of year	9	**161.7**	79.9

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.

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 14 August 2012.

(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) 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) Jointly controlled entities

Investments in jointly controlled entities are accounted for using equity accounting principles. Investments in jointly controlled entities are carried at the lower of the equity accounted amount and recoverable amount. Details of jointly controlled entities are set out in note 39.

The Group's share of the jointly controlled entities' 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. Control exists when the Group has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable or convertible are taken into account.

1 Summary of significant accounting policies (continued)

(b) Principles of consolidation (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 the acquisition of subsidiaries by the Group (refer to notes 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.

(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 is not allocated to segments. Segment liabilities consist primarily of trade and other creditors, employee provisions and 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 by 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 financial statements are presented in Australian dollars, which is the functional and presentation currency of Goodman Fielder Limited.

(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.

(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 for 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.

1 Summary of significant accounting policies (continued)

(e) Derivatives

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 29. 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.

(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 profit or loss.

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.

1 Summary of significant accounting policies (continued)

(g) Property, plant and equipment (continued)

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 also may 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 improvements	The shorter of the lease term or the life of the leasehold asset	
- Plant and equipment	4% - 60%	4% - 50%
- Leased plant and equipment	The shorter of the lease term or the life of the leasehold asset	

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.

1 Summary of significant accounting policies (continued)

(h) Business combinations (continued)

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.

(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.

(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.

1 Summary of significant accounting policies (continued)

(l) Income tax (continued)

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 is 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 statement of financial position. The liabilities of a disposal group classified as held-for-sale are presented separately from other liabilities in the statement of financial position.

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.

1 Summary of significant accounting policies (continued)

(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 and other 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'.

(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) Interest-bearing 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.

1 Summary of significant accounting policies (continued)

(r) Interest-bearing borrowings (continued)

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

(s) Finance costs

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.

(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.

1 Summary of significant accounting policies (continued)

(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.

(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.

1 Summary of significant accounting policies (continued)

(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 within other receivables or other 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 not yet adopted

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 July 2012, and have not been applied in preparing these consolidated financial statements. None of these is 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 2016 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.

(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 financial statements, except as set out below.

(i) Investments in subsidiaries, associates and jointly controlled entities
Investments in subsidiaries, associates and jointly controlled 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 standalone 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.

1 Summary of significant accounting policies (continued)

(ad) Parent entity financial information (continued)

(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 assets and liabilities:

	2012	2011	**2012**	2011
	$m	$m	**$m**	$m
	Fair value		**Carrying value**	
Financial assets				
Cash and cash equivalents	**161.7**	79.9	**161.7**	79.9
Trade and other receivables	**230.0**	249.7	**230.0**	249.7
Derivative financial instruments	**1.7**	0.4	**1.7**	0.4
	393.4	330.0	**393.4**	330.0
Financial liabilities				
Trade and other payables	**275.2**	313.1	**275.2**	313.1
Borrowings	**841.3**	970.2	**837.2**	963.4
Derivative financial instruments	**86.4**	105.3	**86.4**	105.3
	1,202.9	1,388.6	**1,198.8**	1,381.8

(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.

2 Financial risk management (continued)

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, highly rated 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.

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:

2012	**1 year or less**	**Between 1 to 5 years**	**Over 5 years**	**Total contractual cash flows**	**Carrying amount liabilities/ (assets)**
	$m	**$m**	**$m**	**$m**	**$m**
Trade and other payables	**275.2**	**-**	**-**	**275.2**	**275.2**
Borrowings	**79.4**	**562.2**	**345.8**	**987.4**	**837.2**
Commodity derivatives	**27.1**	**-**	**-**	**27.1**	**(1.7)**
Foreign exchange derivatives					
- (inflow)	**(72.4)**	**-**	**-**	**(72.4)**	**-**
- outflow	**73.6**	**-**	**-**	**73.6**	**0.4**
Cross currency interest rate derivative	**13.4**	**53.7**	**95.5**	**162.6**	**69.4**
Interest rate derivatives	**9.7**	**6.4**	**-**	**16.1**	**16.6**
	406.0	**622.3**	**441.3**	**1,469.6**	**1,197.1**

2 Financial risk management (continued)

2011

	1 year or less $m	Between 1 to 5 years $m	Over 5 years $m	Total contractual cash flows $m	Carrying Amount (assets)/ liabilities $m
Trade and other payables	313.1	-	-	313.1	313.1
Borrowings	93.9	710.7	337.5	1,142.1	963.4
Commodity derivatives	21.8	-	-	21.8	1.2
Foreign exchange derivatives					
- inflow	(162.9)	-	-	(162.9)	-
- outflow	177.5	-	-	177.5	7.7
Cross currency interest rate derivatives	14.3	57.3	131.5	203.1	78.3
Interest rate derivatives	9.9	11.0	-	20.9	17.7
	467.6	779.0	469.0	1,715.6	1,381.4

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 $18.9 million loss has been recognised in the income statement on the translation of the US Dollar denominated debt at 30 June 2012 (2011: gain of $71.4 million) offset by a $18.9 million gain (2011: loss of $71.4 million) on the fair value portion of the cross currency interest rate swap recognised in the income statement.

(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.

2 Financial risk management (continued)

(i) Foreign currency 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. The Group recognised a loss of $4.0m (2011: nil) on foreign currency derivatives deemed ineffective in the year.

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

	2012	2011
	$	$
Central Pacific Franc (XPF)	**96.0500**	87.8681
Fiji Dollar (FJD)	**1.8175**	1.8649
New Zealand Dollar (NZD)	**1.2735**	1.2909
Papua New Guinea Kina (PGK)	**2.0408**	2.4433
United States Dollar (USD)	**1.0010**	1.0682

2 Financial risk management (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):

2012	**NZD $m**	**USD $m**	**PGK $m**	**FJD $m**	**XPF $m**	**Other[(1)] $m**
Cash and cash equivalents	**55.1**	**0.4**	**20.7**	**5.0**	**0.8**	**10.0**
Trade and other receivables	**56.8**	**-**	**12.6**	**8.2**	**2.7**	**6.4**
Trade and other payables	**(88.9)**	**-**	**(8.9)**	**(5.1)**	**(1.8)**	**(6.5)**
Borrowings	**(392.6)**	**(417.9)**	**-**	**-**	**(0.5)**	**-**
Cross currency interest rate derivative	**-**	**417.9**	**-**	**-**	**-**	**-**
Forward exchange contracts						
- buy foreign currency	**-**	**53.7**	**-**	**-**	**-**	**3.6**
- sell foreign currency	**(11.0)**	**(4.8)**	**(4.5)**	**-**	**-**	**(0.6)**
Net exposure	**(380.6)**	**49.3**	**19.9**	**8.1**	**1.2**	**12.9**

2011	NZD $m	USD $m	PGK $m	FJD $m	XPF $m	Other(1) $m
Cash and cash equivalents	41.0	0.6	20.0	15.3	0.6	4.7
Trade and other receivables	61.7	0.8	11.3	8.0	4.0	8.7
Trade and other payables	(114.5)	(5.9)	(4.0)	(5.5)	(2.1)	(6.7)
Borrowings	(426.1)	(405.1)	-	-	(0.3)	-
Cross currency interest rate derivative	-	405.1	-	-	-	-
Forward exchange contracts						
- buy foreign currency	39.3	82.4	-	-	-	25.9
- sell foreign currency	(24.3)	(3.0)	(1.5)	-	(0.6)	-
Net exposure	(422.9)	74.9	25.8	17.8	1.6	32.6

[(1)]The Other column includes CNY, HKD, IDR 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.

(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 2012 (2011: nil).

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

2 Financial risk management (continued)

	30 June 2012 Weighted average interest rate %	**30 June 2012** Balance $m	30 June 2011 Weighted average interest rate %	30 June 2011 Balance $m
Cash and cash equivalents	**2.81 %**	**161.7**	1.42 %	79.9
Bank loans	**5.00 %**	**(0.6)**	6.43 %	(0.3)
Unsecured bank facility	**4.74 %**	**(834.5)**	5.77 %	(960.6)
Lease liabilities	**4.10 %**	**(2.1)**	3.09 %	(2.5)
Cross currency interest rate derivative				
- Receive USD fixed rate	**4.81 %**	**299.7**	4.81 %	280.8
- Pay AUD fixed rate	**7.90 %**	**(352.2)**	7.90 %	(352.2)
Interest rate swaps (notional principal amounts)				
- Receive floating rate	**3.16 %**	**346.3**	3.77 %	432.4
- Pay fixed rate	**6.38 %**	**(346.3)**	6.47 %	(450.1)
		(728.0)		(972.6)

(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.

2012	**Foreign currency risk[1]**				**Interest rate risk[2]**				**Commodity price risk[3]**			
	-10%		**+10%**		**-100bps**		**+100bps**		**-10%**		**+10%**	
	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	**-**	**10.2**	**-**	**(8.3)**	**(1.2)**	**-**	**1.2**	**-**	**-**	**-**	**-**	**-**
Trade and other receivables	**0.3**	**9.3**	**(0.2)**	**(7.6)**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Derivative financial instruments [5]	**-**	**4.3**	**-**	**(3.1)**	**-**	**(5.3)**	**-**	**5.2**	**-**	**(1.7)**	**-**	**3.9**
Trade and other payables	**-**	**(12.4)**	**-**	**10.1**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Borrowings[4, 5]	**-**	**(43.7)**	**-**	**35.7**	**0.9**	**-**	**(0.9)**	**-**	**-**	**-**	**-**	**-**
Total increase/ (decrease)	**0.3**	**(32.3)**	**(0.2)**	**26.8**	**(0.3)**	**(5.3)**	**0.3**	**5.2**	**-**	**(1.7)**	**-**	**3.9**

2011	Foreign currency risk[1]				Interest rate risk[2]				Commodity price risk[3]			
	-10%		+10%		-100bps		+100bps		-10%		+10%	
	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	-	9.1	-	(7.4)	(0.5)	-	0.5	-	-	-	-	-
Trade and other receivables	0.4	10.1	(0.3)	(8.3)	-	-	-	-	-	-	-	-
Derivative financial instruments[5]	-	6.1	-	(5.0)	-	(8.5)	-	8.2	-	(2.1)	-	2.1
Trade and other payables	-	(15.4)	-	12.6	0.1	-	(0.1)	-	-	-	-	-
Borrowings[4, 5]	-	(47.4)	-	38.8	1.6	-	(1.6)	-	-	-	-	-
Total increase/ (decrease)	0.4	(37.5)	(0.3)	30.7	1.2	(8.5)	(1.2)	8.2	-	(2.1)	-	2.1

[1]The foreign currency sensitivity above represents a 10% decrease and increase in spot foreign exchange rates.
[2]The interest rate sensitivity above represents a 100 basis point decrease and increase in variable interest rates after reflecting year end hedge positions.
[3]The commodity price sensitivity above represents a 10% decrease or increase in spot commodity prices.
[4]The interest rate sensitivity for borrowings includes the impact of interest rate swaps.
[5]The foreign exchange sensitivity on borrowings includes the impact of cross currency interest rate derivatives.

2 Financial risk management (continued)

(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 and the debt to capital 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 15% 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 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 (2011: 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) 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 at fair value at reporting date.

2012	**Level 1 $m**	**Level 2 $m**	**Level 3 $m**	**Total $m**
Assets				
Derivative financial instruments	-	**1.7**	-	**1.7**
Total assets	-	**1.7**	-	**1.7**
Liabilities				
Derivative financial instruments	-	**86.4**	-	**86.4**
Total liabilities	-	**86.4**	-	**86.4**

2011	Level 1 $m	Level 2 $m	Level 3 $m	Total $m
Assets				
Derivative financial instruments	-	0.4	-	0.4
Total assets	-	0.4	-	0.4
Liabilities				
Derivative financial instruments	-	105.3	-	105.3
Total liabilities	-	105.3	-	105.3

3 Accounting judgements, estimates and assumptions

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) ***Earthquakes***
In September 2010 and February 2011, Christchurch was struck by severe earthquakes. The earthquake in February in particular has caused some disruption to the Company's dairy, baking and milling operations in the region and as a result, the Company has lodged an insurance claim for damages to buildings, other assets and loss of business. Given the nature of the event and multiple elements to the claim, there is uncertainty with respect to loss of business and business interruption.

The Directors believe that they are adequately insured to cover any losses arising from loss of business, business interruption, damage to buildings and other assets. Claims have been lodged with the insurance company and proceeds in the year of $10.0m (2011: $8.6m) have been received totalling $18.6m (2011: $8.6m) to date to cover the majority of the losses to 30 June 2012. The company has a receivable of $0.7m (2011: $3.5m) at reporting date, which it expects to receive from insurers once the claims are settled.

(iii) 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, 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 receivable that is subject to the shareholder continuity test and the revenue tax losses recognised as deferred tax assets are expected to be utilised in 2 years.

4 Segment information

(a) Description of segments

Operating segments

The Fresh 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 Fresh 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, cultured products and meats. The business distributes fresh dairy products to almost 13,000 customer points every day.

The Home Ingredients 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, biscuits 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.

4 Segment information (continued)

Integro Foods is a leading Trans Tasman processor of edible oils. The business supplies edible oils to the Australian and New Zealand food industries and specialises in the development and production of complex, higher value oil blends. The business has four manufacturing plants and, as well as supplying in bulk, the business also supplies packed products under a number of leading brands.

(b) Operating segments

2012	Fresh Baking[1] $m	Fresh Dairy $m	Home Ingredients[2] $m	Asia Pacific $m	Integro Foods (discontinued) (note 8) $m	Total $m
Segment revenue						
Sales to external customers	979.0	411.1	540.6	333.5	249.5	2,513.7
Intersegment sales	58.0	15.7	28.7	7.0	132.3	241.7
Total segment revenue	**1,037.0**	**426.8**	**569.3**	**340.5**	**381.8**	**2,755.4**
Intersegment elimination						(241.7)
Discontinued operations (note 8)						(301.2)
Total revenue						**2,212.5**
Segment result						
EBITDA before restructuring costs	93.2	46.4	85.9	66.3	25.8	317.6
Depreciation and amortisation expense	(29.0)	(14.4)	(13.5)	(4.1)	(4.4)	(65.4)
EBIT before restructuring costs	64.2	32.0	72.4	62.2	21.4	252.2
Restructure costs	(29.6)	(4.6)	(4.0)	(0.7)	(5.0)	(43.9)
Impairment charge - property, plant and equipment	(9.9)	-	(6.9)	-	-	(16.8)
Impairment charge - intangibles	(143.5)	-	(44.3)	-	-	(187.8)
Segment EBIT	**(118.8)**	**27.4**	**17.2**	**61.5**	**16.4**	**3.7**
Unallocated depreciation and amortisation expense						(1.3)
Unallocated restructure costs						(14.7)
Unallocated foreign exchange losses						(4.0)
Unallocated expenses						(17.8)
Discontinued operations (note 8)						16.4
Net interest expense						(90.1)
Loss before income tax from continuing operations						**(107.8)**
Loss from discontinued operations, net of tax (note 8)						(23.1)
Income tax expense						(9.0)
Loss for the year						**(139.9)**
Segment assets and liabilities						
Segment assets	**1,028.0**	**586.3**	**462.7**	**297.7**	**238.4**	**2,613.1**
Intersegment elimination						(32.8)
Unallocated assets						113.5
Total assets						**2,693.8**
Segment liabilities	**141.6**	**71.8**	**54.6**	**42.3**	**56.9**	**367.2**
Intersegment elimination						(34.2)
Unallocated liabilities						985.7
Total liabilities						**1,318.7**
Capital expenditure	38.0	6.9	4.7	7.7	5.6	62.9
Unallocated capital expenditure						22.7
Total						**85.6**

[1] The Fresh baking segment negative EBIT of $118.8m includes the financial information for New Zealand Milling negative EBIT of $32.8m which has been classified as discontinued operations. Further information has been set out in note 8 Discontinued operations.

[2] Goodman Fielder has aligned its segments to reflect changes resulting from businesses under review. As such the Out of Home category previously included in the Integro Foods segment now forms part of the Home Ingredients segment.

4 Segment information (continued)

2011	Fresh Baking(1) $m	Fresh Dairy $m	Home Ingredients(2) $m	Asia Pacific $m	Integro Foods (discontinued) (note 8) $m	Total $m
Segment revenue						
Sales to external customers	1,023.3	422.5	515.2	299.2	296.0	2,556.2
Intersegment sales	70.9	14.0	27.2	6.1	141.0	259.2
Total segment revenue	**1,094.2**	**436.5**	**542.4**	**305.3**	**437.0**	**2,815.4**
Intersegment elimination						(259.2)
Discontinued operations (note 8)						(341.2)
Total revenue						**2,215.0**
Segment result						
EBITDA before restructuring costs	131.1	51.7	101.5	58.5	35.2	378.0
Depreciation, amortisation and impairment expense	(29.0)	(12.2)	(16.5)	(3.4)	(8.2)	(69.3)
EBIT before restructuring costs	102.1	39.5	85.0	55.1	27.0	308.7
Restructure costs	(0.6)	(0.6)	(0.2)	-	(0.2)	(1.6)
Impairment charge	(300.0)	-	-	-	-	(300.0)
Segment EBIT	**(198.5)**	**38.9**	**84.8**	**55.1**	**26.8**	**7.1**
Unallocated depreciation and amortisation expense						(0.8)
Unallocated restructure costs						(1.2)
Unallocated expenses						(18.5)
Discontinued operations (note 8)						(33.0)
Net interest expense						(101.4)
Loss before income tax from continuing operations						**(147.8)**
Profit from discontinued operations, net of tax (note 8)						24.7
Income tax expense						(38.2)
Loss for the year						**(161.3)**
Segment assets and liabilities						
Segment assets	**1,174.1**	**589.5**	**442.9**	**268.2**	**216.6**	**2,691.3**
Intersegment elimination						(33.9)
Unallocated assets						125.7
Total assets						**2,783.1**
Segment liabilities	**137.0**	**77.0**	**68.5**	**39.8**	**64.5**	**386.8**
Intersegment elimination						(35.7)
Unallocated liabilities						1,131.7
Total liabilities						**1,482.8**
Capital expenditure	45.9	9.9	10.3	6.5	6.2	78.8
Unallocated capital expenditure						26.0
Total						**104.8**

(1) The Fresh baking segment negative EBIT of $198.5m includes the financial information for New Zealand Milling positive EBIT of $6.2m which has been classified as discontinued operations. Further information has been set out in note 8 Discontinued operations.

(2) Goodman Fielder has aligned its segments to reflect changes resulting from businesses under review. As such the Out of Home category previously included in the Integro Foods segment now forms part of the Home Ingredients segment.

4 Segment information (continued)

(c) Geographical segments

	Segment revenues from sales to external customers		Non-current assets		Capital expenditure	
	2012	2011	**2012**	2011	**2012**	2011
	$m	$m	**$m**	$m	**$m**	$m
Australia	**1,355.7**	1,430.5	**721.5**	926.5	**60.5**	68.1
New Zealand	**824.5**	826.5	**1,077.1**	1,165.5	**17.6**	30.7
Asia Pacific	**333.5**	299.2	**176.4**	154.7	**7.5**	6.0
Less: Discontinued operations	**(301.2)**	(341.2)	**-**	-	**-**	-
	2,212.5	2,215.0	**1,975.0**	2,246.7	**85.6**	104.8

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 2012, 35.2% of the Group's revenues depended on two customers in the Baking, Dairy and Home Ingredients segments (2011: 37.3%).

5 Other income

	2012	2011
	$m	$m
Insurance recoveries relating to Christchurch earthquakes[1]	**7.1**	12.1
Other income	**1.9**	1.8
	9.0	13.9

[1] Refer to note 3(ii).

6 Expenses

	2012 $m	2011 $m
Loss before income tax includes the following specific expenses:		
Depreciation		
Freehold properties	**2.2**	3.6
Leasehold properties	**4.5**	3.3
Plant and equipment	**55.2**	59.4
Leased plant and equipment	**1.3**	1.3
Total depreciation	**63.2**	67.6
Amortisation and impairment		
Amortisation of brand names and licences	**0.4**	1.0
Amortisation of IT development and software	**3.1**	0.7
Impairment of property, plant and equipment	**16.8**	0.8
Impairment charge - Fresh Baking	**101.0**	300.0
Impairment charge - Home Ingredients	**44.3**	-
Total amortisation and impairment	**165.6**	302.5
Finance costs		
Interest and finance charges	**91.8**	102.8
Interest income	**(1.7)**	(1.4)
Finance costs expensed, net	**90.1**	101.4
Net loss on disposal of plant, property and equipment	**3.0**	1.0
Net realised foreign exchange losses	**4.0**	1.9
Rental expense relating to operating leases	**33.9**	35.9
Research and development	**10.9**	10.4
Restructure costs	**58.6**	2.8
Employee benefits expense		
Wages and salaries	**411.8**	420.1
Annual leave	**13.8**	12.8
Defined contribution superannuation expense	**12.7**	12.8
Long service leave	**3.0**	2.4
Medical insurance	**2.0**	1.7
Share based payments expense/(credit)	**0.1**	(1.2)
Termination benefits (within restructuring costs)	**26.2**	6.3
Workers' compensation costs	**6.9**	9.5
	476.5	464.4

7 Income tax expense

	2012 $m	2011 $m
(a) Income tax expense:		
Current tax	**28.0**	43.5
Deferred tax	**(13.7)**	3.5
Adjustments for current tax of prior periods	**1.4**	(0.5)
	15.7	46.5

	2012 $m	2011 $m
Income tax expense is attributable to:		
Continuing operations	**9.0**	38.2
Discontinued operations	**6.7**	8.3
Aggregate income tax expense	**15.7**	46.5

	2012 $m	2011 $m
(b) Reconciliation of income tax expense to prima facie tax payable		
Loss before income tax expense	**(107.8)**	(147.8)
(Loss)/profit from discontinuing operations before income tax expense	**(16.4)**	33.0
Loss before income tax	**(124.2)**	(114.8)
Tax at the Australian tax rate of 30% (2011: 30%)	**(37.3)**	(34.4)
Tax effect of amounts which are not deductible/(assessable) in calculating taxable income:		
New Zealand tax law changes - deferred tax asset write-off	**-**	(0.8)
Non-assessable income	**(10.5)**	(10.4)
Non-deductible expenses	**9.5**	8.6
Non-deductible impairment charge	**54.6**	90.0
Research and development deductions	**(3.0)**	(3.0)
Other	**(0.5)**	(3.1)
	12.8	46.9
Effect of tax rate in foreign jurisdictions	**1.5**	0.1
Adjustments for under/(over) provision of current tax relating to prior periods	**1.4**	(0.5)
Total income tax expense	**15.7**	46.5

7 Income tax expense (continued)

	2012 $m	2011 $m
(c) Amounts recognised directly in equity		
Aggregate current and deferred tax arising in the reporting period and not recognised in net profit but directly debited or credited to equity		
Cash flow hedge derivatives	**0.4**	1.7
Foreign currency translation	**22.9**	(10.9)
	23.3	(9.2)
(d) Tax income relating to items of other comprehensive income		
Income tax recognised in the hedging reserve is attributable to:		
Changes in fair value of cash flow hedges	**0.3**	(0.7)
	0.3	(0.7)

8 Discontinued operations

(a) Operations discontinued in the current 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 this financial report as discontinued operations.

The Company decided to divest the Integro Foods and New Zealand Milling businesses as part of the ongoing portfolio prioritisation project to focus more on core businesses. The completion of the sale of the Integro Foods and New Zealand Milling businesses is expected to be finalised in the first half of the next financial year.

Financial information relating to the discontinued operations for the period is set out below. Further information is set out in note 4 - segment information.

(b) Financial performance and cash flow information

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

	2012 $m	2011 $m
Revenue	**301.2**	341.2
Expenses	**(275.1)**	(308.2)
Other[1]	**(42.5)**	-
(Loss)/profit before income tax	**(16.4)**	33.0
Income tax expense	**(6.7)**	(8.3)
(Loss)/profit after income tax of discontinued operations	**(23.1)**	24.7
(Loss)/profit from discontinued operation, net of income tax	**(23.1)**	24.7

[1] Impairment charge on NZ Milling goodwill of $42.5m, on classification as held for sale.

Net cash inflow from operating activities	**30.5**	9.5
Net cash outflow from investing activities	**(8.1)**	(6.6)
Net cash inflow (outflow) from financing activities	**-**	-
Net increase in cash generated by discontinued operations	**22.4**	2.9

8 Discontinued operations (continued)

(c) Assets and liabilities classified as held for sale

The carrying amounts of assets and liabilities as at reporting date were:

	2012 $m
Inventories	65.2
Property, plant and equipment	93.0
Intangibles	18.9
Total assets[(1)]	177.1
Employee benefits and other provisions	(7.6)
Total liabilities[(2)]	(7.6)
Net assets	169.5

[(1)] Trade debtors have not been classified as held for sale as they will be collected by Goodman Fielder Limited.
[(2)] Trade creditors have not been classified as held for sale as they will be settled by Goodman Fielder Limited as they fall due.

9 Current assets - Cash and cash equivalents

	2012 $m	2011 $m
Cash at bank and on hand	161.7	79.9

(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 $19.3m (2011: $19.6m), covering its banking operations in Australia, New Zealand, Fiji and New Caledonia. These overdraft facilities were not utilised at 30 June 2012 (2011: unutilised).

10 Current assets - Trade and other receivables

	2012 **$m**	2011 $m
Trade receivables	**209.6**	219.7
Allowance for doubtful debts	**(1.7)**	(4.3)
Insurance recoveries receivable	**0.7**	3.5
Other receivables	**19.0**	27.2
	227.6	246.1

(a) Credit risk

The aging of the Group's trade receivables at the reporting date was:

	Gross 2012 $m	**Allowance for doubtful debts 2012 $m**	Gross 2011 $m	Allowance for doubtful debts 2011 $m
Not past due	**162.5**	**-**	156.5	-
Past due 1-30 days	**33.4**	**-**	43.4	-
Past due 31-60 days	**8.4**	**-**	11.6	-
Past due 61-90 days	**1.4**	**-**	3.4	-
Past due over 90 days	**3.9**	**1.7**	4.8	4.3
	209.6	**1.7**	219.7	4.3

Movements in the allowance for doubtful debts are as follows:

	2012 **$m**	2011 $m
Opening balance	**4.3**	3.6
Provision for doubtful debts recognised in the income statement during the year	**-**	2.3
Receivables written off during the year as uncollectable	**(0.8)**	(1.6)
Unused amount reversed	**(1.8)**	-
At 30 June	**1.7**	4.3

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:

	2012 **$m**	2011 $m
Australia	**127.7**	128.4
New Zealand	**54.6**	65.0
Asia Pacific	**27.3**	26.3
	209.6	219.7

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

10 Current assets - Trade and other receivables (continued)

(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 (2011: $62.0m) and NZ$44.0m (2011: NZ$44.0m). At 30 June 2012, $58.2m (2011: $62.0m) and NZ$40.2m (2011: NZ$38.9m) of receivables have been securitised and are not included in the balance sheet. In accordance with accounting policy note 1(p) the securitised receivables have been de-recognised on the basis that substantially all risks and rewards of the receivables have been transferred to the counterparty including all credit risk with no recourse to the Group.

(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

	2012 $m	2011 $m
Raw materials	**53.2**	84.9
Work in progress	**11.8**	17.9
Finished goods	**63.0**	93.4
	128.0	196.2

(a) Inventory expense

Write-downs of inventories to net realisable value recognised as an expense during the year ended 30 June 2012 amounted to $6.2m (2011: $11.8m) for the Group. The expense has been included in 'cost of sales' in the income statement. Of the $11.8m in the prior year write down of inventories, $3.6m was due to damage caused by the Christchurch earthquakes, of which $3.6m was recovered through Goodman Fielder's insurance policies and included within other income.

12 Derivative financial instruments

	2012 $m	2011 $m
Current assets		
Commodity price derivatives	**1.7**	0.4
Total current derivative financial instrument assets	**1.7**	0.4
Current liabilities		
Foreign exchange derivatives	**0.4**	7.7
Interest rate derivatives	**9.8**	9.9
Cross currency interest rate derivatives	**13.4**	4.0
Commodity price derivatives	**0.1**	1.6
Total current derivative financial instrument liabilities	**23.7**	23.2
Non-current liabilities		
Cross currency interest rate derivatives	**56.0**	74.3
Interest rate derivatives	**6.7**	7.8
Total non-current derivative financial instrument liabilities	**62.7**	82.1
	86.4	105.3

13 Current assets - Other current assets

	2012 $m	2011 $m
Prepayments	**7.8**	3.8
Other current assets	**1.2**	1.1
	9.0	4.9

14 Non-current assets - Receivables

	2012 $m	2011 $m
Receivables from jointly controlled entities	**2.4**	3.6

15 Non-current assets - Investments accounted for using the equity method

	2012 $m	2011 $m
Investment in jointly controlled entity (see note 39)	**4.1**	2.8

(a) Investment in jointly controlled entity

The investment in the jointly controlled entity is accounted for in the financial statements using the equity method of accounting and is carried at cost by the Group.

16 Non-current assets - Property, plant and equipment

	Freehold properties $m	Leasehold properties $m	Plant and equipment $m	Leased plant & equipment $m	Total $m
At 1 July 2010					
Cost	193.6	40.6	651.5	4.9	890.6
Accumulated depreciation	(34.3)	(10.4)	(241.4)	(2.0)	(288.1)
Net book amount	159.3	30.2	410.1	2.9	602.5
Year ended 30 June 2011					
Opening net book amount	159.3	30.2	410.1	2.9	602.5
Additions	2.6	6.7	94.3	1.2	104.8
Disposals	-	-	(1.6)	-	(1.6)
Reclassifications	4.4	(3.3)	(1.1)	-	-
Impairment[1]	(0.4)	-	(0.4)	-	(0.8)
Reclassify to IT development and software intangible asset	-	-	(18.2)	-	(18.2)
Depreciation charge	(3.6)	(3.3)	(59.4)	(1.3)	(67.6)
Effects of movements in foreign exchange rates	(3.6)	(1.2)	(6.0)	-	(10.8)
Closing net book amount	158.7	29.1	417.7	2.8	608.3
At 30 June 2011					
Cost	197.4	41.3	712.7	5.4	956.8
Accumulated depreciation	(38.7)	(12.2)	(295.0)	(2.6)	(348.5)
Net book amount	158.7	29.1	417.7	2.8	608.3

	Freehold properties $m	Leasehold properties $m	Plant and equipment $m	Leased plant & equipment $m	Total $m
Year ended 30 June 2012					
Opening net book amount	158.7	29.1	417.7	2.8	608.3
Additions	2.9	3.4	59.1	0.7	66.1
Disposals	-	-	(3.2)	-	(3.2)
Reclassifications	(17.5)	16.1	1.4	-	-
Impairment[2]	(2.2)	(0.1)	(14.5)	-	(16.8)
Reclassify to IT development and software intangible asset	-	-	(4.8)	-	(4.8)
Transfer to assets classified as held for sale	(29.0)	(5.2)	(58.6)	(0.2)	(93.0)
Depreciation charge	(2.2)	(4.5)	(55.2)	(1.3)	(63.2)
Effects of movements in foreign exchange rates	0.7	0.8	3.2	-	4.7
Closing net book amount	111.4	39.6	345.1	2.0	498.1
At 30 June 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

(1) Estimated asset impairment resulting from the Christchurch earthquakes.
(2) Non-cash impairment charge on assets arising from assessment of carrying value against recoverable amount.

17 Non-current assets - Deferred tax assets

	2012 $m	2011 $m
Recognised deferred tax assets		
Employee benefits	**15.5**	15.6
Provisions	**9.9**	6.1
Consumable stores	**-**	0.4
Foreign currency recognised in equity	**-**	24.3
Cash flow hedges recognised in equity	**9.4**	9.8
Tax value of carry-forward tax losses and credits recognised	**18.6**	1.6
Other items	**4.3**	2.2
	57.7	60.0
Unrecognised deferred tax assets		
Deductible temporary differences	**52.2**	51.0

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 2010				
Gross carrying amount	1,697.6	387.2	4.5	2,089.3
Accumulated amortisation and impairment	(170.0)	(13.2)	-	(183.2)
Net book amount	1,527.6	374.0	4.5	1,906.1
Year ended 30 June 2011				
Opening net book amount	1,527.6	374.0	4.5	1,906.1
Additions	10.2	-	-	10.2
Acquisitions	0.3	-	-	0.3
Transfer from property, plant and equipment(3)	-	-	18.2	18.2
Amortisation charge	-	(1.0)	(0.7)	(1.7)
Impairment charge(2)	(300.0)	-	-	(300.0)
Effects of movements in foreign exchange rates	(50.8)	(11.1)	-	(61.9)
Closing net book amount	1,187.3	361.9	22.0	1,571.2
At 30 June 2011				
Gross carrying amount	1,657.3	376.1	22.7	2,056.1
Accumulated amortisation and impairment	(470.0)	(14.2)	(0.7)	(484.9)
Net book amount	1,187.3	361.9	22.0	1,571.2
Year ended 30 June 2012				
Opening net book amount	1,187.3	361.9	22.0	1,571.2
Transfer to assets classified as held for sale	(10.3)	(8.6)	-	(18.9)
Additions	-	-	19.5	19.5
Transfer from property, plant and equipment(3)	-	-	4.8	4.8
Reclassifications	-	(1.5)	1.5	-
Amortisation charge	-	(0.4)	(3.1)	(3.5)
Impairment charge (1)	(184.2)	(3.6)	-	(187.8)
Effect of movements in foreign exchange rates	20.2	6.0	0.1	26.3
Closing net book amount	1,013.0	353.8	44.8	1,411.6
At 30 June 2012				
Gross carrying amount	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

(1) Due to continued retail competitive price pressure and higher operating costs impacting earnings negatively in both the Australia and New Zealand markets, impairment testing identified that the value in use of the Fresh Baking Australia and New Zealand and Home Ingredients New Zealand cash generating units were below their carrying value. A non cash impairment charge of $141.7m to goodwill and $3.6m to other intangibles was made. In addition, the NZ Milling goodwill was impaired by $42.5m on classification as held for sale. See note 4, 8 and note 18 (d) for further information on the impairment charges.

(2) In the prior year, as a result of the weak trading in Fresh Baking Australia and New Zealand, impairment testing identified that the value in use of these cash generating units was below their carrying value and a non cash impairment of $300.0m was charged to Fresh Baking Australia and New Zealand goodwill.

(3) Borrowing costs of $1.8m (2011: $0.9m) were capitalised during the year with a capitalisation rate of 7.66% (2011: 7.39%).

(a) Business acquisition

In the prior year, the Group acquired Puhoi Valley Cafe and Cheese Store for $0.3m cash, a business operated by Fresh Dairy New Zealand. All of the amount paid was attributed to goodwill.

18 Non-current assets - Intangible assets (continued)

(b) 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 (2011: nine) individual cash-generating units (CGU) for impairment testing as follows:

2012	**Goodwill $m**	**Brands and licences $m**	**IT development and software $m**	**Total $m**
Fresh Baking Australia	194.3	123.0	-	317.3
Fresh Baking New Zealand	237.0	64.0	1.0	302.0
Fresh Dairy New Zealand	334.9	96.9	-	431.8
Home Ingredients Australia	-	29.6	-	29.6
Home Ingredients New Zealand	137.8	12.0	-	149.8
Asia Pacific	109.0	28.3	-	137.3
Corporate	-	-	43.8	43.8
	1,013.0	353.8	44.8	1,411.6

2011	Goodwill $m	Brands and licences $m	IT development and software $m	Total $m
Fresh Baking Australia	264.8	123.1	-	387.9
Fresh Baking New Zealand	263.9	64.7	-	328.6
Milling New Zealand	42.2	7.6	-	49.8
Fresh Dairy New Zealand	330.4	95.8	-	426.2
Home Ingredients Australia	31.8	33.1	-	64.9
Home Ingredients New Zealand	144.9	11.9	-	156.8
Asia Pacific	99.5	24.8	-	124.3
Integro Foods Australia	-	0.9	-	0.9
Integro Foods New Zealand	9.8	-	-	9.8
Corporate	-	-	22.0	22.0
	1,187.3	361.9	22.0	1,571.2

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 Fresh Dairy New Zealand CGU was $0.4m (2011: $0.6m). 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 2.5 years.

18 Non-current assets - Intangible assets (continued)

(c) 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 beach CGU.

Cashflows

The cash flows for the value in use calculations are based on the FY13 board approved budgeted EBITDA and strategic plan extended to five years at a 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 budgeted 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 and Asia Pacific CGU's is 2.5% (2011: 3.0%) and New Zealand is 2.5% (2011: 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 8.23% for Australian and New Zealand CGU's and 13.8% for Asia Pacific (2011: 9.0% 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 9.8%-11.0% (2011: 10.1%-12.3%) and 13.2% for Asia Pacific (2011: 19.9%). The discount rates used reflect specific risks relating to the relevant segments and the countries in which they operate.

(d) 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 non amortising 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 was below carrying value. As a result a non cash impairment was recognised of $141.7m (Baking Australia $70.5m, Baking New Zealand $30.5m, Home Ingredients Australia $31.7m and Home Ingredients New Zealand $9.0m) to goodwill and $3.6m (Home Ingredients Australia) to brands.

In 2011, in view of the weak trading conditions in Australia and New Zealand, the recoverable amount of the Baking Australia and Baking New Zealand CGU's was determined to be lower than the carrying value and, as such, an impairment charge of $300.0m (Baking Australia $250m, Baking New Zealand $50m) was recognised against goodwill.

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.

The impairment charges disclosed above are particularly sensitive to the following assumptions:

- Terminal growth rates: A 0.5% reduction in the terminal growth rate will increase the Baking Australia, Baking New Zealand and Home Ingredients New Zealand impairment loss by $37.5m, $25.7m and $9.8m respectively.
- Discount rates: A 0.5% increase in the discount rate will increase the Baking Australia, Baking New Zealand and Home Ingredients New Zealand impairment loss by $44.8m, $31.0m and $11.9m respectively.
- Forecast cash flows: A 5% decrease in the forecast cash flows will increase the Baking Australia, Baking New Zealand and Home Ingredients New Zealand impairment by $47.4m, $24.2m and $8.9m respectively.

Management do not believe a reasonable possible change in assumptions for any other CGU’s would cause the units carrying amount to exceed recoverable amount.

19 Non-current assets - Other non-current assets

	2012 $m	2011 $m
Other non-current assets	**1.1**	0.8

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 2012 are set out below:

Australia
Fund - Goodman Fielder Superannuation Fund
Benefit Type - Defined Contribution and Defined Benefit
Date of last actuarial valuation - 13 July 2012

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 net deficit (2011: surplus) of the defined benefit portion of the plan at 30 June 2012 was 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 - 12 July 2012

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 net deficit (2011: surplus) of the defined benefit portion of the plan at 30 June 2012 was not material to either the financial performance or the financial position of the Group.

21 Current liabilities - Trade and other payables

	2012 $m	2011 $m
Trade payables	**242.6**	282.3
Accrued interest	**8.8**	10.4
Other payables	**23.8**	20.4
	275.2	313.1

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

22 Current liabilities - Borrowings

	2012 $m	2011 $m
Secured		
Lease liabilities (note 35)	**0.9**	0.7
Bank facility	**0.6**	0.4
Total secured current borrowings	**1.5**	1.1
Unsecured		
Bank facility	**49.5**	50.0
Total unsecured current borrowings	**49.5**	50.0
	51.0	51.1

(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.

(c) Unsecured bank facility

At 30 June 2012, the Group had $49.5m (2011: $50.0m) drawn under an unsecured $50m (2011: $50m) bilateral bank debt facility maturing in February 2013.

Details of the committed unsecured bank facilities are set out in note 25.

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 (2011: $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 (2011: $nil). Refer to note 38.

24 Current liabilities - Provisions

	2012 $m	2011 $m
Employee benefits	**41.0**	46.2
Workers' compensation	**2.2**	2.2
Business closure and rationalisation	**17.4**	-
Other provisions	**1.0**	1.5
	61.6	49.9

(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 $4.8m (2011: $4.5m) in respect of workers' compensation, the Group has a $4.8m (2011: $4.3m) 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, makegood 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 indentified sites including site remediation, early lease termination and redundancy costs. These provisions will be utilised within the coming financial year.

(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

	2012 $m	2011 $m
Secured		
Lease liabilities (note 35)	**1.2**	1.8
Total secured non-current borrowings	**1.2**	1.8
Unsecured		
Bank facility	**289.0**	436.0
US bond issue	**299.7**	280.8
NZ bond issue	**196.3**	193.7
Total unsecured non-current borrowings	**785.0**	910.5
	786.2	912.3

(a) Debt capacity

At 30 June 2012, the Group has $343.9m (2011: $188.0m) of undrawn committed funding capacity available (excluding cash at bank). Of this total, $10.7m (2011: $4.8m) matures in less than 12 months and $333.2m (2011: $183.2m) matures in greater than 12 months.

25 Non-current liabilities - Borrowings (continued)

(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 $10.8m (2011: $11.2m), 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 $18.9m (2011: $28.9m). These facilities are uncommitted and provided at call. These facilities were not utilised at 30 June 2012 (2011: unutilised). The Group also has a securitisation facility, details of which are set out in note 10(b).

(e) Unsecured borrowing facilities

There are five (2011: five) committed unsecured bank facilities available to the Group at 30 June 2012. 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 2012 $m	Amount utilised 2012 $m
Current		
Bilateral Loan Facility entered in March 2009		
- available until February 2013	**50.0**	**49.5**
Pacific loan facilities	**10.2**	**-**
Non-current		
Syndicated Loan Facility entered in April 2008		
- available until July 2013	**130.0**	**130.0**
Syndicated Loan Facility entered in November 2011		
- available until November 2014	**300.0**	**166.8**
Syndicated Loan Facility entered in November 2011		
- available until November 2016	**200.0**	**-**
US Bond issue entered in September 2010		
- available until September 2020	**299.7**	**299.7**
NZ Bond issue entered in October 2010		
- available until May 2016	**196.3**	**196.3**
Pacific loan facilities	**0.6**	**0.6**
	1,186.8	**842.9**

The borrowing facilities in notes 22 and 25 are shown net of $7.8m (2011: $11.4m) 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 2012.

26 Non-current liabilities - Deferred tax liabilities

	2012 $m	2011 $m
Property, plant and equipment	**13.0**	10.2
Intangible assets	**1.6**	1.6
Land and buildings	**4.5**	5.1
Consumable stores	**1.2**	0.9
Interest bearing loans	**0.2**	0.1
	20.5	17.9

27 Non-current liabilities - Provisions

	2012 $m	2011 $m
Employee benefits	**3.5**	3.6
Workers' compensation	**2.2**	3.1
Other provisions	**9.5**	8.9
	15.2	15.6

(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:

	Workers' compensation $m	Business closure and rationalisation $m	Other $m	Total $m
2012				
Current and non-current				
Carrying amount at start of year	**5.3**	**-**	**10.4**	**15.7**
Additional provisions recognised	**1.6**	**18.7**	**1.1**	**21.4**
Amounts used during the year	**(2.5)**	**(1.3)**	**(1.0)**	**(4.8)**
Carrying amount at end of year	**4.4**	**17.4**	**10.5**	**32.3**

28 Contributed equity

	2012 Number of Shares	2011 Number of Shares	**2012 $m**	2011 $m
Other contributed equity				
Other contributed equity	**1,955,559,207**	1,380,386,438	**2,058.8**	1,807.3
Share capital				
Share capital			**4.9**	4.9
Total contributed equity			**2,063.7**	1,812.2

(a) Movements in contributed equity:

Date	Details	Number of shares	Issue price	$m
1 July 2011	Opening balance	**1,380,386,438**		**1,812.2**
10 October 2011	Issue of ordinary shares	**413,457,359**	**$0.45**	**186.0**
3 November 2011	Issue of ordinary shares	**161,715,410**	**$0.45**	**72.8**
	Less: Transaction costs arising on share issue	**-**		**(7.3)**
30 June 2012	Closing balance	**1,955,559,207**		**2,063.7**
1 July 2010	Opening balance	1,380,386,438		1,812.2
30 June 2011	Closing balance	1,380,386,438		1,812.2

(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.

Issue of ordinary shares

In October and November 2011 the Company issued 413,457,359 and 161,715,410 shares respectively, at an issue price of $0.45 per share. There were no issues of ordinary shares in the prior year.

The purpose of the rights issue was to ensure greater balance sheet flexibility for the Group to pursue medium and longer term accretive initiatives and provide for additional headroom under the Group's financing facilities.

(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 year. In 2011, shares were purchased on-market and allocated under the DRP at no discount to the weighted average market price for the October 2010 final FY10 dividend and at no discount for the April 2011 interim FY11 dividend.

29 Reserves and (accumulated losses) retained earnings

(a) Reserves

	2012 $m	2011 $m
Hedging reserve	**(22.7)**	(23.8)
Share-based payments reserve	**0.6**	0.5
Foreign currency translation reserve	**(230.8)**	(236.2)
	(252.9)	(259.5)

	2012 $m	2011 $m
Movements:		
Hedging reserve		
Balance at 1 July	**(23.8)**	(24.0)
Effective changes in fair value of interest rate derivatives, net of tax	**1.0**	5.7
Effective changes in fair value of foreign currency derivatives, net of tax	**0.6**	(3.9)
Effective changes in fair value of commodity price derivatives, net of tax	**2.0**	(1.8)
Effective changes in fair value of cross currency interest rate derivatives, net of tax	**(7.1)**	(2.0)
Transfer to income statement, net of tax	**2.7**	0.2
Transfer to inventory and other assets, net of tax	**1.9**	2.0
Balance 30 June	**(22.7)**	(23.8)
Movements:		
Share-based payments reserve		
Balance 1 July	**0.5**	1.7
Share based payment recognised in income statement, net of tax	**0.1**	(1.2)
Balance 30 June	**0.6**	0.5
Foreign currency translation reserve		
Balance at 1 July	**(236.2)**	(185.9)
Total recognised income (expense)	**5.4**	(50.3)
Balance 30 June	**(230.8)**	(236.2)

Nature and Purpose of Reserves

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).

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.

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 Reserves and (accumulated losses) retained earnings (continued)

(b) (Accumulated losses)/retained earnings

	2012 $m	2011 $m
Movements in (accumulated losses)/retained earnings were as follows:		
Opening balance	**(260.3)**	54.8
Net loss for the year	**(146.9)**	(166.7)
Dividends	**(34.5)**	(148.4)
Balance 30 June	**(441.7)**	(260.3)

30 Dividends

	2012 $m	2011 $m
(a) Ordinary shares		
Final dividend for the year ended 30 June 2011 of 2.5 cents per fully paid share paid on 3 November 2011 Australia: 45% franked amount of 1.125 cents at 30% New Zealand: nil imputation	**34.5**	75.9
Interim dividend for the year ended 30 June 2012 at nil (30 June 2011: 5.25 cents per fully paid share paid on 7 April 2011) Australia: nil franked amount (30% franked amount of 1.575 cents at 30%) New Zealand: nil imputation (2011: nil imputation)	**-**	72.5
Total dividends paid during the year	**34.5**	148.4

In the current year the Company did not pay a dividend, as the Company continues to conserve cash to implement restructuring and strategic initiatives which will restore earnings to an acceptable level.

(b) Dividends not recognised at year end

Since year end the Directors have not resolved to pay a final dividend. (2011: 2.5 cents per fully paid ordinary share)
Australia: nil franked amount (2011: 45% franked amount of 1.125 cents at 30%)
New Zealand: nil imputation (2011: nil imputation)

	2012 $m	2011 $m
The aggregate amount of the proposed dividend payable but not recognised as a liability	**-**	34.5

(c) Franked dividends

	2012 $m	2011 $m
Franking credits available for the above period and for subsequent financial years based on a tax rate of 30% (2011: 30%)	**23.1**	8.2
Add: Current year tax (receivable)/payable[1]	**(13.7)**	6.7
	9.4	14.9

[1]The 30 June 2012 franking balance has been adjusted for franking credits that will arise from the receipt of the current tax asset recognised as at 30 June 2012 on lodgement of the 2012 tax returns.

The above amounts represent the balance of the franking account as at the end of the financial year, 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.

30 Dividends (continued)

(d) Imputation credits - New Zealand

	2012 $m	2011 $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% (2011: 30%)	**12.9**	7.5

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*

	2012 $	2011 $
Short-term employee benefits	**6,894,533**	7,414,206
Post-employment benefits	**501,649**	486,426
Other long term benefits	**48,783**	56,093
Termination benefits	**796,681**	1,728,520
Share-based payments	**228,318**	(641,013)
	8,469,964	9,044,232

Detailed remuneration disclosures are provided in the Remuneration Report.

Incentives awarded and paid to executives in the year ended 30 June 2012 in respect of performance for the 2011 financial year have been disclosed in the Remuneration Report in the 2011 financial year comparatives. Further details of key management personnel 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 2012".

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.

31 Key management personnel disclosures (continued)

(b) ***Equity instrument disclosures relating to key management personnel***

(i) **Performance share plan**

Details of entitlements over shares in Goodman Fielder Limited provided as remuneration during the year to each key management person are set out below. For more information on the performance share plan, see note 32.

2012 Entitlements to ordinary shares[1]	Balance at start of the year	Entitlements granted during the year	Vested during the year	Other changes during the year	Balance at end of the year	Vested and exercisable	Unvested
Directors of Goodman Fielder Limited							
C Delaney[2]							
2012	-	2,250,000	-	-	2,250,000	-	2,250,000
Other key management personnel of the Group							
A B Canning							
2012	-	97,642	-	-	97,642	-	97,642
2011	52,074	-	-	-	52,074	-	52,074
2010	52,107	-	-	(52,107)	-	-	-
S M Gannon[3]							
2012	-	-	-	-	-	-	-
A R Hipperson							
2012	-	125,708	-	-	125,708	-	125,708
2011	82,821	-	-	-	82,821	-	82,821
2010	82,874	-	-	(82,874)	-	-	-
N A Kearney[4]							
2012	-	-	-	-	-	-	-
P R Reidie							
2012	-	135,502	-	-	135,502	-	135,502
2011	91,846	-	-	-	91,846	-	91,846
2010	83,668	-	-	(83,668)	-	-	-
S K Roberts							
2012	-	112,846	-	-	112,846	-	112,846
2011	86,765	-	-	-	86,765	-	86,765
2010	86,820	-	-	(86,820)	-	-	-
C M S Stiff [6]							
2011	108,253	-	-	(108,253)	-	-	-
2010	107,820	-	-	(107,820)	-	-	-
P Talwar							
2012	-	122,642	-	-	122,642	-	122,642

(1) Represents the number of ordinary shares to which executives will be entitled at target performance.

(2) Included in the entitlements of Mr. Delaney are 1,000,000 rights relating to his sign on incentive. Refer to "Other discretionary payments or benefits" section of the Remuneration Report.

(3) The offer of entitlements to be made to Mr Gannon under the performance share plan and his sign-on arrangement had not been finally agreed before the end of the last trading window of the 2012 financial year. The Company intends to offer Mr Gannon rights to 677,358 shares under the plan and a sign-on incentive during the Company's next trading window, which will commence on 15 August 2012.

(4) Mr. Kearney was not a participant in the performance share plan during the period he was a member of the key management personnel of the Group.

(5) Mr. Stiff ceased employment effective 30 September 2011 and his entitlements to ordinary shares were forfeited.

(6) Heads of corporate functions are not included as key management personnel in the current year.

31 Key management personnel disclosures (continued)

2011 Entitlements to ordinary shares[1]	Balance at start of the year	Entitlements granted during the year	Vested during the year	Other changes during the year	Balance at end of the year	Vested and exercisable	Unvested
Directors of Goodman Fielder Limited							
P M Margin[2]							
2011	-	892,193	-	(892,193)	-	-	-
2010	862,069	-	-	(862,069)	-	-	-
2009	803,571	-	-	(803,571)	-	-	-
Other key management personnel of the Group							
A B Canning[3]							
2011	-	52,074	-	-	52,074	-	52,074
2010	52,107	-	-	-	52,107	-	52,107
D Clark							
2011	-	80,126	-	-	80,126	-	80,126
2010	80,176	-	-	-	80,176	-	80,176
2009[4]	72,913	-	-	(72,913)	-	-	-
G G W Erby[5]							
2010	104,822	-	-	(104,822)	-	-	-
2009	94,863	-	-	(94,863)	-	-	-
D K Goldsmith[6]							
2010	110,463	-	-	(110,463)	-	-	-
2009	99,969	-	-	(99,969)	-	-	-
A R Hipperson							
2011	-	82,821	-	-	82,821	-	82,821
2010	82,874	-	-	-	82,874	-	82,874
2009[4]	75,000	-	-	(75,000)	-	-	-
P R Reidie							
2011	-	91,846	-	-	91,846	-	91,846
2010	83,668	-	-	-	83,668	-	83,668
2009[4]	67,991	-	-	(67,991)	-	-	-
S K Roberts							
2011	-	86,765	-	-	86,765	-	86,765
2010	86,820	-	-	-	86,820	-	86,820
2009[4]	78,571	-	-	(78,571)	-	-	-
C M S Stiff[7]							
2011	-	108,253	-	-	108,253	-	108,253
2010	107,820	-	-	-	107,820	-	107,820
J D West							
2011	-	75,826	-	-	75,826	-	75,826
2010	75,874	-	-	-	75,874	-	75,874
2009[4]	69,000	-	-	(69,000)	-	-	-

(1) Represents number of ordinary shares to which executives will be entitled at target performance.
(2) Mr. Margin ceased employment as director effective 29 April 2011 and his entitlements to ordinary shares were forfeited.
(3) Mr. Canning became Managing Director of the Asia Pacific Division effective 14 February 2011.
(4) The 2009 performance share plan criteria were not met and the Board did not award incentives under this plan during the year.
(5) Mr. Erby ceased employment effective 4 February 2011 and his entitlements to ordinary shares were forfeited.
(6) Mr. Goldsmith ceased employment effective 23 February 2011 and his entitlements to ordinary shares were forfeited.
(7) Mr. Stiff will cease employment effective 30 September 2011 and his entitlements to ordinary shares were forfeited.

31 Key management personnel disclosures (continued)

(ii) **Shareholdings**

The movement during the reporting period in the number of ordinary shares in Goodman Fielder Limited held, directly, indirectly or beneficially, by each key management person, including their related parties, is as follows:

2012 **Number of ordinary shares**	**Balance at the start of the year**	**Net acquisitions**	**Other changes during the year**	**Balance at the end of the year**
Executive Directors of Goodman Fielder Limited				
C Delaney	-	200,100	-	200,100
Non-executive Directors of Goodman Fielder Limited				
M G Ould	300,100	125,043	-	425,143
C J Froggatt	17,332	7,222	-	24,554
S Gregg	100	-	-	100
P R Hearl	45,456	18,940	-	64,396
C A Hooke	151,000	133,751	-	284,751
I D Johnston	136,266	56,778	-	193,044
Other key management personnel of the Group				
A B Canning	-	-	-	-
S M Gannon(1)	-	-	-	-
A R Hipperson	28,889	-	-	28,889
N A Kearney	-	-	-	-
P R Reidie	1,443	2,878	-	4,321
S K Roberts	-	-	-	-
C M S Stiff (2)	4,796	-	(4,796)	-
P Talwar(1)	-	-	-	-

(1) Mr. Gannon was appointed Chief Financial Officer on 1 November 2011 and Mr. Talwar was appointed Category Managing Director, Baking on 1 December 2011.

(2) Mr. Stiff ceased employment effective 30 September 2011.

(3) Heads of corporate functions are not included as key management personnel in the current year.

31 Key management personnel disclosures (continued)

2011 Number of ordinary shares	Balance at the start of the year	Net acquisitions	Other changes during the year	Balance at the end of the year
Executive Director of Goodman Fielder Limited				
P M Margin[(1)]	378,518	-	(378,518)	-
Non-executive Directors of Goodman Fielder Limited				
M G Ould	200,100	100,000	-	300,100
C J Froggatt	2,147	15,185	-	17,332
S Gregg	100	-	-	100
P R Hearl	10,000	35,456	-	45,456
C A Hooke	101,000	50,000	-	151,000
I D Johnston	105,805	30,461	-	136,266
H E Perrett[(2)]	2,500	-	(2,500)	-
Other key management personnel of the Group				
A B Canning[(3)]	-	-	-	-
D Clark	4,098	-	-	4,098
G G W Erby[(4)]	48,963	-	(48,963)	-
D K Goldsmith[(5)]	61,195	-	(61,195)	-
A R Hipperson	28,889	-	-	28,889
P R Reidie	1,443	-	-	1,443
S K Roberts	-	-	-	-
C M S Stiff[(6)]	1,324	3,472	-	4,796
J D West	34,723	-	-	34,723
N A Kearney[(7)]	-	-	-	-

[(1)] Mr. Margin was a Director from the beginning of the financial year until his resignation on 29 April 2011.
[(2)] Mr. H Perrett was a Director from the beginning of the financial year until his resignation on 25 March 2011.
[(3)] Mr. Canning became Managing Director of the Asia Pacific Division effective 14 February 2011.
[(4)] Mr. Erby ceased employment effective 4 February 2011.
[(5)] Mr. Goldsmith ceased employment effective 23 February 2011.
[(6)] Mr. Stiff will cease employment effective 30 September 2011.
[(7)] Mr. Kearney commenced as Chief Financial Officer on an interim basis effective 31 January 2011.

(c) 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.

(d) 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 Performance Share Plan (PSP) approved by shareholders at the Company's 2007 Annual General Meeting.

The total equity settled share based payment expense for the year was $0.1 million (2011: credit of $1.2 million).

(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), earnings per share (EPS) 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.

LTI plan rights reconciliation	**2012 No. of rights**	2011 No. of rights
Rights outstanding as at 1 July	**5,330,065**	4,008,688
Rights granted	**6,438,643**	3,463,952
Rights forfeited	**(1,760,965)**	(492,074)
Rights lapsed	**(1,792,207)**	(1,650,501)
Rights outstanding as at 30 June	**8,215,536**	5,330,065
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 the Monte Carlo model	**2012**
Expected volatility	45.00%
Dividend yield	9.62%
Risk free interest rate	3.06%

The expected volatility for the 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 an EPS and or 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**
2012 - Performance Share Plan - ROCE	13 December 2011	$0.52
2012 - Performance share plan - TSR	13 December 2011	$0.15
2011 - Performance Share Plan	4 December 2010	$1.37
2010 - Performance Share Plan	5 December 2009	$1.54

(b) Retention Plan

In the current year 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.

32 Share-based payments (continued)

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.

Retention plan rights reconciliation	**2012 No. of rights**	2011 No. of rights
Rights outstanding as at 1 July	**-**	-
Rights granted	**2,720,000**	-
Rights forfeited	**(540,000)**	-
Rights outstanding as at 30 June	**2,180,000**	-
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.

The grant date of awards during the year was 1 December 2011 and the fair value of awards at grant date was $0.53.

33 Remuneration of auditors

During the year the following fees were paid or payable for services provided by the auditor of the Group, its related practices and non-related audit firms:

	2012 $	2011 $
(a) Audit and review services		
KPMG Australia		
Audit and review of financial reports	**1,107,100**	988,000
Overseas KPMG firms		
Audit and review of financial reports	**372,900**	449,850
Total remuneration for audit services	**1,480,000**	1,437,850
(b) Other tax and assurance services		
KPMG Australia		
In relation to other assurance and due diligence services	**240,107**	89,450
Overseas KPMG firms		
In relation to other assurance and taxation services	**132,090**	110,881
Total remuneration for audit related services	**372,197**	200,331
Total auditors' remuneration	**1,852,197**	1,638,181

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.

(b) Contingent assets

The Group continues to assess damage resulting from the Christchurch earthquakes in September 2010 and February 2011. In particular, substantial damage was incurred at the Christchurch Bakery site, in addition to that at the Christchurch Milling and Dairy sites. The Group continues to take steps to mitigate losses caused by these events. Insurance policies held by the Group have meant progress payments in respect of the current losses have been received to date, indicating future economic benefits from the policies are probable. The total insurance receivable in relation to the current and future expected losses are dependent on agreement of the formal claim submission and future losses incurred by the Group in relation to the damage. The expected future insurance recovery at 30 June 2012 ranges from $30m to $40m (2011: $30m to $40m) excluding the amounts already recorded at 30 June 2012.

35 Commitments

(a) Capital commitments

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

	2012 $m	2011 $m
Capital expenditure commitments	**19.2**	10.7

(b) Lease commitments

(i) 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.

	2012 $m	2011 $m
Commitments for minimum lease payments in relation to non-cancellable operating leases are payable as follows:		
Within one year	**28.8**	29.4
Later than one year but not later than five years	**76.1**	84.0
Later than five years	**95.3**	108.2
Commitments not recognised in the consolidated financial statements	**200.2**	221.6

(ii) Finance leases
During the year, the Group leased various plant and equipment with a carrying amount of $0.7m (2011: $1.2m) 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.

35 Commitments (continued)

	2012 $m	2011 $m
Commitments in relation to finance leases are payable as follows:		
Within one year	**1.1**	0.9
Later than one year but not later than five years	**1.4**	1.9
Later than five years	**-**	0.2
Minimum lease payments	**2.5**	3.0
Future finance charges	**(0.4)**	(0.5)
Recognised as a liability	**2.1**	2.5
Representing lease liabilities:		
Current (note 22)	**0.9**	0.7
Non-current (note 25)	**1.2**	1.8
	2.1	2.5

The weighted average interest rate implicit in the leases is 4.10% (2011: 3.09%).

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 compensation are set out in the Remuneration Report and note 31.

(e) Other 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.

In the prior year Neil Kearney provided consulting services prior to starting employment with Goodman Fielder on 31 January 2011.

(f) Outstanding balances with joint venture

The following balances are outstanding at the reporting date in relation to transactions with joint venture (refer to note 39):

	2012 $m	2011 $m
Non-current receivables (loans)	**2.4**	3.6
Current payables (purchases of goods)	**-**	0.6

(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 2012, the Group has not incurred any impairment losses relating to amounts owed by related parties (2011: 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 2012	**Country of incorporation**	**Class of shares**	**Equity holding**	
			2012 **%**	2011 %
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
Paradise 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	**59**	59
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
RBPM Limited(1)	Papua New Guinea	Ordinary	**-**	75
Seabreeze Poultry Limited(2)	Papua New Guinea	Ordinary	**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(3)	Singapore	Ordinary	**100**	-

(1) RBPM Limited was amalgamated with Goodman Fielder International (PNG) Limited on 1 December 2011.
(2) Seabreeze Poultry Limited was incorporated on 3 February 2012.
(3) Goodman Fielder Singapore Pte. Ltd was incorporated on 8 June 2012.

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
- Paradise Food Industries Pty Limited
- Quality Bakers Australia Pty Limited
- Regal Bakeries Pty Limited
- Stuart Bakery Pty Ltd
- Sunicrust Bakeries Proprietary Limited

38 Deed of cross guarantee (continued)

(a) Income statement, statement of comprehensive income and summary of movements in (accumulated losses) 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:

	2012 **$m**	2011 $m
Consolidated income statement		
Sales of goods	**1,152.2**	1,183.1
Other income	**34.6**	21.2
Cost of sales	**(704.6)**	(676.5)
Warehousing and distribution expenses	**(236.0)**	(235.7)
Selling and marketing expenses	**(72.1)**	(78.8)
General and administration expenses	**(114.3)**	(70.7)
Other	**(121.6)**	(250.0)
Net financing costs	**(18.8)**	(24.7)
Loss before income tax	**(80.6)**	(132.1)
Income tax benefit/(expense)	**0.6**	(25.8)
Loss from continuing operations	**(80.0)**	(157.9)
Profit from discontinued operations	**11.0**	19.8
Loss for the year	**(69.0)**	(138.1)
Consolidated statement of comprehensive income		
Loss for the year	**(69.0)**	(138.1)
Other comprehensive loss		
Changes in fair value of cash flow hedges	**(2.9)**	(4.0)
Total comprehensive loss for the year	**(71.9)**	(142.1)
Summary of movements in retained earnings		
(Accumulated losses)/retained earnings at the beginning of the financial year	**(254.4)**	32.1
Loss for the year	**(69.0)**	(138.1)
Dividends recognised during the period	**(34.5)**	(148.4)
Accumulated losses at the end of the financial year	**(357.9)**	(254.4)

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:

	2012 $m	2011 $m
Current assets		
Cash and cash equivalents	**76.4**	-
Trade and other receivables	**133.6**	133.9
Inventories	**53.8**	111.4
Derivative financial instruments	**1.7**	0.4
Current tax receivable	**17.6**	-
Other current assets	**16.8**	18.8
Assets classified as held for sale	**136.0**	-
Total current assets	**435.9**	264.5
Non-current assets		
Receivables	**477.8**	775.7
Investments in jointly controlled entities	**4.1**	2.8
Other investments	**1,100.5**	707.9
Property, plant and equipment	**309.0**	397.1
Deferred tax assets	**24.9**	45.3
Intangible assets	**335.3**	452.7
Other non-current assets	**0.2**	0.4
Total non-current assets	**2,251.8**	2,381.9
Total assets	**2,687.7**	2,646.4
Current liabilities		
Trade and other payables	**208.9**	173.6
Borrowings	**50.1**	50.5
Derivative financial instruments	**23.7**	23.2
Current tax liabilities	**-**	10.7
Provisions	**45.2**	35.4
Liabilities classified as held for sale	**7.0**	-
Total current liabilities	**334.9**	293.4
Non-current liabilities		
Borrowings	**593.0**	721.9
Derivative financial instruments	**62.6**	82.1
Provisions	**13.5**	14.4
Total non-current liabilities	**669.1**	818.4
Total liabilities	**1,004.0**	1,111.8
Net assets	**1,683.7**	1,534.6

	2012 $m	2011 $m
Equity		
Contributed equity	**2,063.7**	1,812.2
Reserves	**(22.1)**	(23.2)
Accumulated losses	**(357.9)**	(254.4)
Total equity	**1,683.7**	1,534.6

39 Jointly controlled entities

The Group has a 50% interest (2011: 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 $1.8m (2011: $1.2m) of the Group's investment in PT Sinar Meadow International Indonesia was recognised. The impact of the impairment reversal was partly offset by a $0.5m (2011: $0.2m) reduction in the Group's investment in PT Sinar Meadow International Indonesia on translation of the Group's share of net assets.

	Ownership interest		**Carrying value of investment**	
	2012	2011	**2012 $m**	2011 $m
PT Sinar Meadow International Indonesia (incorporated in Indonesia)	**50.0 %**	50.0 %	**4.1**	2.8

	2012 $m	2011 $m
Jointly controlled entity's assets and liabilities		
Current assets	**14.8**	13.8
Non-current assets	**3.7**	3.4
Total assets	**18.5**	17.2
Current liabilities	**4.0**	2.8
Non-current liabilities	**6.3**	8.8
Total liabilities	**10.3**	11.6
Net assets	**8.2**	5.6

	2012 $m	2011 $m
Jointly controlled entity's revenue, expenses and results		
Revenues	**47.0**	47.6
Expenses	**(43.4)**	(45.2)
Profit before income tax	**3.6**	2.4

40 Reconciliation of loss after income tax to net cash inflow from operating activities

	2012	2011
	$m	$m
Loss for the year	**(139.9)**	(161.3)
Adjustments for:		
Depreciation and amortisation	**66.7**	69.3
Impairment of property, plant and equipment	**16.8**	0.8
Impairment of goodwill and other intangibles	**187.8**	300.0
Net loss on disposal of property, plant and equipment	**3.0**	0.9
Reversal of previous period impairments on joint venture	**(1.3)**	(1.0)
Transfer of hedge reserve to income statement	**2.7**	(0.2)
Share based payments	**0.1**	(1.2)
Unrealised foreign exchange gain/(loss) on US private placement	**18.9**	(71.4)
Change in operating assets and liabilities:		
Decrease in trade and other receivables	**18.5**	1.3
(Increase)/decrease in inventories	**3.0**	(30.1)
Increase/(decrease) in derivative financial instruments	**(20.2)**	72.1
Decrease/(increase) in tax receivable	**(4.8)**	7.1
Decrease in deferred tax assets	**2.3**	(5.3)
Decrease/(increase) in other assets	**(4.4)**	3.0
Increase in trade and other payables	**(39.2)**	17.0
(Decrease)/increase in current tax liability	**(2.6)**	4.5
Increase/(decrease) in provisions	**19.0**	0.7
(Decrease)/increase in deferred tax liabilities	**2.6**	1.4
Net cash inflow from operating activities	**129.0**	207.6

41 Non-cash financing activities

The dividend reinvestment plan (DRP) did not apply to any dividends paid in the current year. In the prior year, a DRP was applied to the dividends paid by the Company, but shares were purchased on-market to satisfy all entitlements.

42 Events occurring after the reporting date

There have been no events subsequent to reporting date which would have a material effect on the Group's financial statements at 30 June 2012.

43 Earnings per share

(a) Basic and diluted earnings per share

	2012 Cents	2011 Cents
Loss from continuing operations attributable to the owners of Goodman Fielder Limited	**(7.0)**	(12.9)
(Loss)/profit from discontinued operations attributable to the owners of Goodman Fielder Limited	**(1.3)**	1.7
	(8.3)	(11.2)

(b) Reconciliations of earnings used in calculating earnings per share

	2012 $m	2011 $m
Basic earnings per share		
Profit attributable to the ordinary owners of the company used in calculating basic earnings per share		
Loss for the year from continuing operations	**(116.8)**	(186.0)
(Loss)/profit for the year from discontinued operations	**(23.1)**	24.7
Less: Profit attributable to non-controlling interests	**(7.0)**	(5.4)
	(146.9)	(166.7)

(c) Weighted average number of shares used as the denominator

	2012 Number m	2011 Number m
Weighted average number of ordinary shares used as the denominator in calculating basic and diluted earnings per share	**1,765.6**	1,380.4
Adjustments for calculation of earnings per share:		
Effect of share capital raising in the current year	**-**	103.6
Weighted average number of ordinary shares and potential ordinary shares used as the denominator in calculating basic and diluted earnings per share	**1,765.6**	1,484.0

The impact of dilutive potential ordinary shares in existence during the year has not been included as the group is in a loss position (2011: none included).

44 Parent Entity financial information

(a) Summary financial information

As at, and throughout, the financial year ended 30 June 2012 the legal parent entity of the group was Goodman Fielder Limited. The individual financial statements for Goodman Fielder Limited show the following aggregate amounts:

	2012 $m	2011 $m
Financial position at year end		
Non-current assets	**3,036.8**	2,755.7
Total assets	**3,036.8**	2,755.7
Current liabilities	**13.7**	9.2
Non-current liabilities	**1.7**	2.2
Total liabilities	**15.4**	11.4
Net Assets	**3,021.4**	2,744.3
Total equity comprises:		
Contributed equity	**2,906.0**	2,654.5
Retained earnings	**115.4**	89.8
	3,021.4	2,744.3
Profit or loss for the year	**60.1**	56.4
Other comprehensive income	**-**	-
Other comprehensive income for the year, net of tax	**-**	-
Total comprehensive income	**60.1**	56.4

(b) Guarantees entered into by the parent entity

(i) Financial guarantees

The parent entity has given unsecured guarantees in respect of:

(i) bank account set-off facility of subsidiaries amounting to $10m (2011: $10m);

(ii) receivables purchase agreements of subsidiaries amounting to $96.6m (2011: $96.0m);

(iii) bank loans and facilities of subsidiaries outside Australia and New Zealand amounting to $17.1m (2011: $15.7m);

(iv) bank guarantees of subsidiaries amounting to $4.8m (2011: $4.5m);

(v) commodity futures agreement of subsidiaries amounting to a net asset of $1.6m (2011: net liability of $1.2m);

(vi) International Swap Dealer Association (ISDA) agreements of subsidiaries amounting to $84.7m (2011: $104.9m).

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.

44 Parent Entity financial information (continued)

(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 2012 (2011: nil).

(d) Contractual commitments for the acquisition of property, plant or equipment

As at 30 June 2012, the parent entity did not have any contractual commitments for the acquisition of property, plant or equipment (2011: nil).

In the opinion of the directors of Goodman Fielder Limited (the "Company"):

(a) the consolidated financial statements and notes set out on pages AA to BB and the Remuneration report in the Directors' report, set out on pages 43 to 108, are 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 2012 and of its performance for the financial year ended on that date; and

  (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001;* 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.

There are reasonable grounds to believe that the Company and the group entities identified in note 38 will be able to meet any obligations or liabilities to which they are or may become subject to by virtue of the Deed of Cross Guarantee between the Company and those group entities pursuant to ASIC Class Order 98/1418.

The directors have been given the declarations required by Section 295A of the *Corporations Act 2001* from the chief executive officer and chief financial officer for the financial year ended 30 June 2012.

The directors draw attention to Note 1(a) to the consolidated financial statements, which include a statement of compliance with International Financial Reporting Standards.

Signed in accordance with a resolution of the directors:

Christopher P Delaney

Chris Delaney
Managing Director and Chief Executive Officer

Max Ould
Chairman

14 August 2012

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 2012, and consolidated income statement and consolidated statement of 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.

(continued overleaf)

Independent auditor's report to the members of Goodman Fielder Limited (continued)

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 2012 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 19 to 40 of the directors' report for the year ended 30 June 2012. 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 2012, complies with Section 300A of the *Corporations Act 2001*.

KPMG

KPMG

Kevin Leighton
Partner

Sydney
14 August 2012