

12 February 2014

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

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

Goodman Fielder Limited 31 December 2013 Half Year Report

I attach the following documents in relation to the half year ended 31 December 2013:

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

The attached documents comprise the half year results information required by ASX Listing Rule 4.2A and NZX Main Board Listing Rule 10.3.2. The information should be read in conjunction with the Goodman Fielder Limited 2013 Annual Report.

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

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

Yours sincerely,



JONATHON WEST
Company Secretary

GOODMAN FIELDER LIMITED

ABN 51 116 399 430

Appendix 4D

Half year financial report

Including additional Appendix 4D disclosures

Period ended 31 December 2013

ASX/NZX Code: GFF

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ASX/NZX Announcement	Attached
2014 Half Year Financial Report	Attached

HALF YEAR REPORT
PERIOD ENDED 31 DECEMBER 2013

RESULTS FOR ANNOUNCEMENT TO THE MARKET

(All comparisons are to half year ended 31 December 2012)

Name of entity

GOODMAN FIELDER LIMITED

ABN 51 116 399 430

Reporting period: Half year ended 31 December 2013

	Direction of movement	% Change	2013 \$A Million	2012 ⁽¹⁾ \$A Million
Revenue from ordinary activities	Down	3.4%	1,132.2	1,172.1
Revenue from continuing operations ⁽¹⁾	Up	4.8%	1,132.2	1,080.6
(Loss) / Profit from continuing operations after tax attributable to members ⁽²⁾	Down	287.8%	(64.8)	34.5
Net (loss) / profit for the period attributable to members ⁽²⁾	Down	227.1%	(64.8)	51.0
Net tangible asset backing per ordinary share	Down	211.1%	(1.0) cents	0.9 cents

⁽¹⁾ On 16 February 2012 Goodman Fielder Limited announced its intention to sell the Integro commercial oils business and the New Zealand Milling business. On 2 October 2012, Goodman Fielder completed the sale of its Integro commercial oils business and on 22 February 2013, Goodman Fielder completed the sale of its New Zealand milling business. The Integro commercial oils business and the New Zealand Milling business are reported in the comparative figures of the half year financial report as discontinued operations. The gross proceeds of the sale of the Integro business (including settlement of trade and other receivables and payables by Goodman Fielder) were \$170 million and NZ\$55 million for the New Zealand Milling business. Financial information relating to the discontinued operations for the prior period is set out in note 4 and note 7 to the half year financial report.

⁽²⁾ On 23 December 2013, Goodman Fielder entered into an agreement with Green's Foods Holdings Pty Limited ("Greens") to sell its Biscuits business (part of the Grocery segment) in Australia. The transaction is expected to complete by the end of February 2014. On 8 January 2014 Goodman Fielder announced its agreed intention to sell its Meats business (part of the Dairy segment) and Pizza business (part of the Baking segment) in New Zealand. Both of the proposed New Zealand sales are expected to be completed by 31 March 2014. The assets of the Biscuits, Meats and Pizza businesses are reported as assets classified as held for sale in the half year financial report. An impairment charge of \$97.3 million has been recorded against the goodwill, brand intangibles and other tangible assets held for sale. Financial information relating to assets classified as held for sale is set out in note 7 to the half year financial report.

DIVIDENDS

	Amount per security	Australian franked amount per security	New Zealand imputation amount per security
Dividends on ordinary shares			
Interim dividend FY14	1.0 cent	Nil at 30%	Nil at 28%
Final dividend FY13	3.0 cents	Nil at 30%	Nil at 28%
Interim dividend FY13	Nil	Nil at 30%	Nil at 30%

On 11 February 2014, the Directors of the Company resolved to pay an interim dividend of 1.0 cent per ordinary share. The interim dividend will be unfranked in Australia, with nil imputation for New Zealand taxation purposes. No portion of the dividend is declared to be conduit foreign income.

The record date for entitlement to the dividend is 11 March 2014 and the dividend is expected to be paid on 10 April 2014.

The total amount of the interim dividend is \$19.6 million.

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

EXPLANATION OF RESULTS

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

This information should be read in conjunction with the Goodman Fielder Limited 2013 Annual Report and any public announcements made by Goodman Fielder Limited during the period in accordance with the continuous disclosure requirements of the *Corporations Act 2001* and the Listing Rules.

This report and the attached half year financial report (including the directors' report and the independent auditor's review report) contain all the information required by ASX Listing Rule 4.2A.

OTHER NZX DISCLOSURES

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

ASX/NZX ANNOUNCEMENT

12 February 2014

GOODMAN FIELDER RESULT – HALF YEAR ENDED 31 DECEMBER 2013 (“1H14”)

From Continuing Operations

<i>A\$m unless specified</i>	1H14	1H13	% Change
<u>NORMALISED</u>¹			
REVENUE	1,132.2	1,080.6	+5%
EBITDA	114.0	116.8	(2%)
EBIT	77.2	84.0	(8%)
NPAT	30.1	33.0	(9%)
Basic EPS (cents)	1.5	1.7	(12%)
<u>REPORTED</u>²			
EBITDA	98.5*	117.7	(16%)
EBIT	(35.6)	84.9	n/m
NPAT	(64.8)	34.5	n/m

*Before impairment of (\$97.3m) on assets held for sale (Biscuits, Meats, Pizza)
n/m – not meaningful

Key Financial Metrics (From Continuing and Discontinued Operations)

<i>A\$m unless specified</i>	1H14	1H13
Net free cash flow ³	60.8	149.9
Interim Dividend Per Share (cents)	1c	--
Net debt ⁴	549.2	498.0
Leverage ratio (times) ⁵ (Net debt/EBITDA)	2.13	1.85
Interest cover (times) ⁵ (EBITDA/Net Interest)	4.30	3.73

¹ Normalised result from Continuing Operations excludes significant items. Refer to last page for basis of preparation of non-IFRS financial information

² Reported result from Continuing Operations includes significant items. Pre-tax significant Items for 1H14 were (\$112.8m), comprising restructure costs (\$15.5m) and impairments associated with business divestments (\$97.3m). Pre-tax significant Items in 1H13 were \$0.9m

³ Net free cash flow represents receipts from customers less payments to suppliers and employees.

⁴ Net debt excludes an unrealised FX gain of \$7.7m (1H13: gain of \$63.0m) relating to the revaluation of the company's US dollar private placement debt hedge

⁵ Calculated in accordance with the group's debt facility covenants – 1H14 refers 12 months to 31 December 2013 and 1H13 refers 12 months to 31 December 2012.

FINANCIAL RESULTS OVERVIEW

- **First half results reflect earnings improvements in core businesses offset by challenging business conditions as notified previously**
 - Underlying earnings improvements
 - Baking improvement (revenue and EBIT) from marketing, NPD and stronger merchandising, including increased volume and earnings in Artisan
 - significant uplift in Dressings & Mayo performance
 - earnings improvement in Fiji Poultry
 - Off-set by
 - record increase in farmgate milk price, increased A\$ wheat price
 - lack of ranging of NPD in Spreads (Aust)
 - increased costs to maintain customer service as manufacturing facilities upgraded
 - Normalised EBITDA* down 2%
 - Normalised EBIT* down 8%; reflects higher depreciation related to recent capital investments, impact of commodity costs pressures (NZ Dairy, A\$ wheat) and continued investment in marketing/branded innovation
 - Normalised NPAT* down 9%; reflects higher underlying effective tax rate v pcp
 - Interim Dividend of 1 cent per share payable on 10 April 2014
- **Reported results reflect impact of impairments and restructure costs relating to business divestments as notified previously**
 - Reported NPAT loss of \$64.8m*
 - Net proceeds received in 2H14 from business divestments to be applied to net debt
- **Strategy starting to deliver improvements**
 - Revenue, gross margin up on prior period, improving share from power brands
 - Ongoing improvement in operational metrics as key business enablers:
 - Safety – SIFR down 31%
 - Quality – complaints down 28%
 - Engagement – employee engagement up a further 7 points
- **However, significant cost inflation/execution challenges require ongoing refinement to plan**
 - \$25m in additional cost savings under Project Renaissance by FY16
 - Evolution to new simplified corporate structure
 - Accelerate growth opportunities in core/adjacent categories
 - Continuing portfolio prioritisation to enhance shareholder value
- **Near term outlook remains challenging**
 - Significant earnings improvement expected in 2nd half
 - However, commodity cost challenges, trading conditions delay rate of previously expected earnings improvement
 - FY14 normalised EBIT expected to be broadly in line with FY13** subject to market conditions remaining as they are

*From Continuing Operations – Continuing Operations in 1H13 exclude the Integro and New Zealand Milling businesses which were sold during the six months ended 31 December 2012

** Excluding Discontinued Operations

COMMENTARY ON RESULTS

GOODMAN FIELDER INTERIM RESULTS

Chief Executive Officer, Chris Delaney, said while the company continued to make progress on its strategy to improve its core businesses, the impact of sharply increased commodity costs and higher logistics costs to maintain customer service levels had impacted earnings in the short term.

“At a fundamental level, we are starting to see the benefits of our strategy reflected in revenue growth and gross margin improvement as we continue to invest behind our power brands.

“I am also pleased to see significant improvement in our key operational metrics such as safety, quality and staff engagement which are the key enablers to the group’s longer term success.

“However, we had to deal with the impact of rising commodity costs which, as we had previously advised, has impacted earnings in the six month period. That was particularly evident in our New Zealand Dairy business where the farmgate milk price increased to a record level and due to aggressive competitor pricing, we were unable to recover all of that increase through pricing.

“In our Australian Baking business, despite an improved performance, including increased revenue and earnings, we were impacted by the continuing high A\$ wheat price and increased freight and transport costs to ensure we continue to deliver fresh product to our customers while we invested to upgrade our manufacturing facilities.

“Meanwhile earnings in our Australian Grocery division were lower than expected due to new product development in Spreads not being successfully ranged across all retailers.

“While we continue to address these challenges, we also remain focused on our strategic objectives which are aligned to creating greater shareholder value over the medium term.

“For example, we made further progress in refocusing our portfolio with the divestments of non-core businesses, including Biscuits, Meats and Pizza. That will enable us to prioritise our marketing and capital spend more effectively on our core categories where we have market leading and profitable positions.

“We increased our marketing and branded innovation across our core categories which has resulted in improved performance in our power brands in Baking in both Australia and New Zealand (Helga’s and Freya’s).

“While these initiatives remain fundamental as part of our medium term strategy, we recognise that the ongoing challenging business environment means we should continue to refine our strategy to align with current market conditions.

“As a result, we have identified and targeted an additional \$25 million in cost savings to be achieved under Project Renaissance, bringing total savings to \$125 million by the end of FY16. We are evolving our group structure to a more streamlined and cost efficient operating model to provide faster decision making and greater focus and accountability on customer alignment and cost savings.

“We are assessing growth opportunities in our core and adjacent product categories, while escalating our new product development initiatives in the primary areas of gluten free, artisan and exports of UHT milk to Asia.

“Finally, we are reviewing strategic and partnership options for our New Zealand Dairy business to enhance and grow the business across the region to enhance shareholder value,” Mr Delaney said.

GROUP FINANCIAL RESULTS – CONTINUING OPERATIONS

Normalised Results

Revenue increased by 5 per cent, driven by an improvement in net average selling price and mix towards more premium products in Baking, higher pricing in Dairy, also assisted by currency translation as a result of the lower A\$/NZ\$ exchange rate during the period.

Normalised EBITDA declined by 2 per cent to \$114.0 million while normalised EBIT was \$77.2 million compared to \$84.0 million in the prior corresponding period.

The decline in EBIT reflected higher depreciation related to the company's recent increased capital investments, together with a reduction in earnings from the company's Dairy business as a result of the record increase in the farmgate milk price in New Zealand.

Normalised net profit after tax was \$30.1 million, a decrease of 9 per cent on the prior corresponding period (1H13: \$33.0m). Net interest expense was 13 per cent lower than the prior year but slightly higher than expected due to the higher NZ\$.

The underlying tax rate of 26% was higher than the prior period of 22.5%. The prior period included the receipt of a tax credit which lowered tax expense in 1H13.

Normalised earnings per share were 1.5 cents compared to 1.7 cents in the prior period.

Reported Results

Goodman Fielder previously advised the market that it had continued to progress its strategy to optimise its product and brand portfolio with the divestment of non-core businesses, including the Biscuits business in Australia and the Meats and Pizza business in New Zealand.

The company also advised that as a result of these divestments, it expected to record non-cash impairments against these businesses and cash restructuring costs relating to the closure of the Meats facility at Frankton in New Zealand.

Non cash impairments and restructuring costs have been classified as significant items and impact the company's reported results for the period. Total pre-tax significant items were (\$112.8) million compared to \$0.9 million for the prior corresponding period. Total after-tax significant items were (\$94.9) million compared to \$1.5 million for the prior period.

Reported EBITDA decreased by 16 per cent to \$98.5 million, impacted by previously announced restructuring costs relating to business divestments and other restructuring costs of \$15.5 million.

Reported EBIT was a loss of \$35.6 million, reflecting restructuring costs and non-cash impairments.

As a result of significant items, Goodman Fielder reported a statutory loss of \$64.8 million compared to net profit from continuing operations of \$34.5 million for the prior corresponding period.

Capital management

Net debt at 31 December 2013 was \$549.2 million compared to \$498.0 million in the prior period.

As expected, net debt was higher than last year due to the timing of tax payments in PNG and the revaluation of NZ\$ denominated debt as a result of the lower A\$/NZ\$ exchange rate.

Goodman Fielder maintains a strong balance sheet and continues to operate comfortably within its banking covenants, with a leverage ratio (Net debt/EBITDA) of 2.13 times and interest cover (EBITDA/Net Interest) of 4.30 times.

Net free cash flow was \$60.8 million compared to \$149.9 million in 1H13, impacted by restructuring costs of \$15.5 million in the first half. The prior period also included \$16.8 million in proceeds from the gain on asset sales and \$11.6 million in earnings from discontinued businesses (Integro and New Zealand Milling) which were subsequently sold.

Group capital expenditure increased by 22 per cent to \$37.6 million as the company continues to invest in its manufacturing network to improve safety and also reliability and quality.

Capital investment for growth and cost-out strategic initiatives increased by 63 per cent to \$14.0 million.

DIVIDEND

The Board has resolved to pay an interim dividend of 1 cent per share, payable on 10 April 2014. The record date for entitlement to receive the interim dividend will be 11 March 2014. The interim dividend is unfranked in Australia and does not carry imputation credits for New Zealand based shareholders.

CONTINUING OPERATIONS - DIVISIONAL PERFORMANCE

Baking (ex NZ Milling)

<i>A\$m unless specified</i>	1H14	1H13	Variance
Revenue	461.8	450.5	3%
EBIT(Normalised)*	19.9	16.3	22%
EBIT Margin*	4.3%	3.6%	19%
Capital Expenditure	18.0	11.3	59%

Note: (*) Represents EBIT before restructuring costs as per note 4 'segment information' in the 31 December 2013 financial report. The prior period excludes normalised EBIT from the NZ Milling business of \$5.6 million

While the Baking category continues to remain challenging due to higher A\$ wheat costs in Australia and ongoing price competition in Australia and New Zealand, Goodman Fielder continues to make progress in turning around the performance of the business.

Revenue increased by 3 per cent to \$461.8 million, reflecting higher net average selling prices and improved mix, despite lower volumes.

Product mix was assisted by improved performance from the premium Helga's brand in Australia which increased market share by 5 per cent, and from Freya's in New Zealand which increased market share by 4 per cent on the prior period.

Meanwhile earnings and volume from the artisan business continued to increase on the prior year as the company continues to leverage this growth category.

Volumes were lower than the prior year, reflecting the impact of Goodman Fielder leading the proprietary fresh loaf category on price increases and also impacted by the deletion of Mighty Soft loaf in one retailer.

Normalised EBIT increased by 22 per cent to \$19.9 million compared to the prior corresponding period.

This result included the impact of higher A\$ wheat costs in Australia. While US\$ wheat prices have declined by around 17 per cent since 1 July 2013, local A\$ wheat prices have remained firm due to a declining Australian dollar and local supply restrictions and have increased by 8 per cent over the same period.

The Baking result also included a higher reinvestment in DME to support campaigns and re-launches of Helga's and Wonder White in Australia and Freya's in New Zealand.

The level of DME investment more than doubled on the second half of FY13 to support these initiatives.

Goodman Fielder has continued its restructuring programme to create a more sustainable cost base through improved manufacturing and distribution efficiencies and overhead savings.

The Ballarat bakery was closed in November 2013 with production transferred to other Goodman Fielder sites at Forestville (South Australia) and Clayton (Victoria).

During the period, Goodman Fielder continued its reinvestment in core category innovation across its Baking portfolio with successful launches of new products and marketing campaigns in Australia and New Zealand.

Following the successful launch of Vogel's Gluten Free in New Zealand, the new range of Helga's Gluten Free was launched with Australian retailers in November 2013. The launch has exceeded initial expectations in terms of volumes and revenue.

This follows the reinvestment to support the Helga's and Freya's brands with new advertising campaigns and in-store support during the first half, including the Helga's wholegrain campaign.

A new marketing and advertising campaign for Wonder White in Australia is scheduled to commence from February 2014, building on the in-store and on-line "In Disguise" campaign which ran in October 2013.

Grocery

<i>A\$m unless specified</i>	1H14	1H13	Variance
Revenue	251.5	260.8	(4%)
EBIT (Normalised)*	27.7	30.2	(8%)
EBIT Margin*	11.0%	11.5%	(4%)
Capital Expenditure	3.2	2.8	14%

Notes: (*) Represents EBIT before restructuring costs as per note 4 'segment information' in the 31 December 2013 financial report

Trading conditions in Grocery remained challenging for the period, particularly in the Australian Spreads market, which impacted earnings compared to the prior corresponding period.

Revenue declined by 4 per cent, to \$251.5 million, impacted by lower volumes particularly in Spreads (Australia), which required further investment in promotional strategy to mitigate volume declines.

During the period, Goodman Fielder launched new cholesterol-lowering spreads under the MeadowLea Heart Plus brand in Australia and New Zealand, replacing the existing Logical brand. While the product was successfully ranged in the major retailers in New Zealand and has performed to initial expectations in that market, the product has not been ranged by all major retailers in Australia.

The Spreads business was also impacted by increased ranging and competition from new private label entrants and ongoing discounting from Dairy competitors.

The negative impact in Spreads was partially offset by a stronger performance in Dressings and Mayonnaise. Increased investment in the core range combined with successful NPD launches has delivered market share improvements of 6 points and driven overall category growth of 3.6 per cent.

Cake Mix performed better than the prior period while the flour category remains competitive from continued pricing pressure from private label and proprietary competitors.

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

Normalised EBIT declined by 8 per cent on the prior corresponding period, impacted by lower volumes in Spreads, partially offset by the improved performance in Dressing and Mayonnaise.

The EBIT result included an 11 per cent increase in DME to fund brand equity campaigns across the core categories in the portfolio. In New Zealand, EBIT was slightly ahead of the prior corresponding period.

Dairy

<i>A\$m unless specified</i>	1H14	1H13	Variance
Revenue	234.6	198.5	18%
EBIT (Normalised)*	10.8	17.8	(39%)
EBIT Margin*	4.6%	8.9%	(48%)
Capital Expenditure	5.8	2.9	100%

Note: (*) Represents EBIT before restructuring costs as per note 4 'segment information' in the 31 December 2013 financial report

As previously advised to the market, Goodman Fielder's Dairy division in New Zealand was impacted by a record increase in the farmgate milk price during the first half.

The published farmgate milk price, which is a key determinant of Goodman Fielder's product cost, increased by over 40 per cent during the first half. Due to continued aggressive competitor pricing, Goodman Fielder was not able to fully recover this higher input cost through wholesale pricing to its customers.

Revenue increased on partially improved pricing and from an increase in milk volumes in key accounts during the period, offset by lower volumes in the Meats business.

However, earnings and margin were impacted by the record increase in the farmgate milk price, with normalised EBIT declining by 39 per cent on the prior corresponding period.

Despite the short term impact of higher commodity costs, Goodman Fielder continues to invest in branded innovation to support its Meadow Fresh brand in New Zealand.

Building on the successful “cool stuff for kids” marketing programme, the company launched the “cool our schools” marketing initiative which assisted in driving increased yoghurt volumes and further improved brand equity.

In January 2014, Goodman Fielder announced the divestment of its Meats business in New Zealand which is expected to be completed by 31 March 2014.

Asia Pacific

<i>A\$m unless specified</i>	1H14	1H13	Variance
Revenue	184.3	170.8	8%
EBIT (Normalised)*	31.7	32.5	(3%)
EBIT Margin*	17.2%	19.0%	(10%)
Capital Expenditure	5.6	2.1	167%

Note: (*) Represents EBIT before restructuring costs as per note 4 ‘segment information’ in the 31 December 2013 financial report

Earnings from the Asia Pacific division were in line with the prior corresponding period but significantly improved from the second half of last year as the company worked to resolve the one-off operational capacity issue in the Fiji Poultry business.

In the prior year, a higher than expected livestock mortality rate reduced the company’s ability to supply poultry to the Fiji market. Resulting lower volumes, together with higher costs associated with remediating the issue, impacted performance.

During 1H14, the company made significant progress in resolving this issue with key improvements in operational metrics (declining mortality rates and improved processing yield). As a result, volume in the Fiji Poultry business was 21 per cent higher than the prior corresponding period.

Revenue in the Asia Pacific division increased by 8 per cent to \$184.3 million as a result of improved pricing and product mix in Fiji and Papua New Guinea and from continued improvement in the company’s Asian operations.

Normalised EBIT was 3 per cent lower than the prior corresponding period but 33 per cent higher compared to the second half of FY13. EBIT margin was impacted by higher costs in Fiji associated with remediating the capacity issue.

Capital expenditure was higher than the prior period and related primarily to the relocation of the company’s snacks plant in Lae, Papua New Guinea, which was successfully commissioned in November 2013.

FY14 OUTLOOK

While the near term outlook remains challenging, due to the continued pressure of high commodity costs (raw milk and A\$ wheat prices), Goodman Fielder expects earnings in the second half of the year to increase significantly on the first half.

“We had previously indicated that earnings in FY14 would be significantly weighted towards the second half and that remains the case,” said Mr Delaney

“While the increased DME and new product innovation in our core brands started to deliver top line improvement in the first half, we expect to build on that momentum into the second half.

“The strategic initiatives we are implementing to accelerate cost reductions and drive incremental earnings contribution are also expected to assist earnings improvement in the second half.

“However, the impact of yet another increase in the farmgate milk price in the first quarter, continuing high A\$ wheat prices and a challenging trading environment means that the level of earnings improvement we previously expected this financial year has been delayed.

“As a result, we currently expect normalised EBIT for FY14 to be broadly in line with the prior year (FY13: A\$185.6m*), subject to market conditions remaining substantially as they are.

“While I am disappointed at this delay, we are accelerating our response to the current challenging market conditions and I remain confident that our strategy to realign the cost base and reinvest in our core brands and categories continues to strengthen the business to enhance shareholder value for the medium term,” Mr Delaney said.

* Excluding Discontinued Operations

* * * * *

For further information contact:

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

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

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

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

Goodman Fielder Limited

ABN 51 116 399 430

Half year financial report for the period ended 31 December 2013

Goodman Fielder Limited ABN 51 116 399 430
Half year financial report - 31 December 2013

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Directors' Report

The Directors of Goodman Fielder Limited (the Company) present their report together with the consolidated half year financial report for the period ended 31 December 2013.

Directors

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

Non-Executive

S Gregg
J A Dawson
C J Froggatt
P R Hearl
C A Hooke
I D Johnston

Executive

C R Delaney - Managing Director and Chief Executive Officer

On 11 February 2014 the Directors resolved to appoint an additional independent non-executive Director, Mr I G Cornell, to the Board, effective 15 February 2014.

Review of operations

While the Company continued to make progress during the period on its strategy to improve its core businesses, the impact of sharply increased commodity costs and higher logistics costs to maintain customer service levels has impacted earnings in the short term.

The benefits of the Company's strategy are reflected in revenue growth and gross margin improvement, as the Company continues to invest behind its power brands.

There has also been significant improvement in the Company's key operational metrics such as safety, quality and staff engagement, which are the key enablers to the Company's longer term success.

However, the impact of rising commodity costs has impacted earnings in the six month period, which has been particularly evident in the New Zealand Dairy business, where the farmgate milk price increased to a record level and, due to aggressive competitor pricing, the Company was unable to recover all of that increase through pricing.

In the Company's Australian Baking business, despite an improved performance, including increased revenue and earnings, the business was impacted by the continuing high A\$ wheat price and increased freight and transport costs to ensure continued delivery of fresh product to customers while the Company invested to upgrade its manufacturing facilities.

Earnings in the Australian Grocery division were lower than expected due to new product development in Spreads not being successfully ranged across all retailers.

The ongoing challenging business environment means the Company is continuing to refine its strategy to align with current market conditions.

The Company has identified and targeted an additional \$25 million in cost savings to be achieved under Project Renaissance, bringing total savings to \$125 million by the end of the 2016 financial year. The Company is evolving its group structure to a more streamlined and cost efficient operating model to provide faster decision making and greater focus and accountability on customer alignment and cost savings.

Review of operations (continued)

The Company is also assessing growth opportunities in its core and adjacent product categories, while escalating new product development initiatives in the primary areas of gluten free, artisan and exports of UHT milk to Asia.

In addition, the Company is reviewing strategic and partnership options for its New Zealand Dairy business to enhance and grow the business across the region to enhance shareholder value.

Financial results - Continuing operations

Revenue increased by 5 per cent, driven by an improvement in net average selling price and mix towards more premium products in Baking, higher pricing in Dairy, also assisted by currency translation as a result of the lower A\$/NZ\$ exchange rate during the period.

During the period, the Company continued to progress its strategy to optimise its product and brand portfolio with the divestment of non-core businesses, including the Biscuits business in Australia and the Meats and Pizza business in New Zealand. As a result of these divestments, it recorded non-cash impairments against these businesses and cash restructuring costs relating to the closure of the Meats facility at Frankton in New Zealand, which have been classified as significant items and impact the Company's reported results for the period. Total pre-tax significant items were (\$112.8) million⁽ⁱ⁾ compared to \$0.9 million for the prior corresponding period. Total after-tax significant items were (\$94.9) million compared to \$1.5 million for the prior period.

On a reported basis (excluding impairments of assets held for sale relating to business divestments of \$97.3m), Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA) decreased by 16 per cent to \$98.5 million, impacted by restructuring costs relating to business divestments and other restructuring costs of \$15.5 million.

Reported Earnings Before Interest and Tax (EBIT) was a loss of \$35.6 million, reflecting restructuring costs and non-cash impairments.

As a result of significant items, Goodman Fielder reported a statutory loss of \$64.8 million compared to net profit from continuing operations of \$34.5 million for the prior corresponding period.

Normalised EBITDA⁽ⁱⁱ⁾ (which excludes significant items) declined by 2 per cent to \$114.0 million while normalised EBIT⁽ⁱⁱ⁾ was \$77.2 million compared to \$84.0 million in the prior corresponding period.

The decline in normalised EBIT reflected higher depreciation related to the Company's recent increased capital investments, together with a reduction in earnings from the Company's Dairy business as a result of the record increase in the farmgate milk price in New Zealand.

Normalised net profit after tax⁽ⁱⁱ⁾ was \$30.1 million, a decrease of 9 per cent on the prior corresponding period (1H13: \$33.0 million). Net interest expense was 13 per cent lower than the prior year but slightly higher than expected due to the higher NZ\$.

The underlying tax rate of 26% was higher than the previous period of 22.5%. The prior period included the receipt of a tax credit which lowered tax expense in that period.

⁽ⁱ⁾ Pre-tax significant Items for 1H14 were (\$112.8 million), comprising restructure costs (\$15.5 million) and impairments associated with business divestments (\$97.3 million).

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

Review of operations (continued)

Capital Management

Net debt at 31 December 2013 was \$549.2 million⁽ⁱⁱⁱ⁾ compared to \$498.0 million in the prior period, due to the timing of tax payments in PNG and the revaluation of NZ\$ denominated debt as a result of the lower A\$/NZ\$ exchange rate.

The Company maintains a strong balance sheet and continues to operate comfortably within its banking covenants, with a leverage ratio^(iv) (Net debt/EBITDA) of 2.13 times and interest cover^(iv) (EBITDA/Net Interest) of 4.30 times.

Net free cash flow was \$60.8 million compared to \$149.9 million in the prior corresponding period, impacted by restructuring costs of \$15.5 million in the first half. The prior period also included \$16.8 million in proceeds from the gain on asset sales and \$11.6 million in earnings from discontinued businesses (Integro and New Zealand Milling) which were subsequently sold.

Capital expenditure increased by 22 per cent to \$37.6 million as the Company continues to invest in its manufacturing network to improve safety and also reliability and quality.

Capital investment for growth and cost-out strategic initiatives increased by 63 per cent to \$14.0 million.

On 11 February 2014, the Board resolved to pay an interim dividend of one cent per ordinary share, payable on 10 April 2014. The record date for entitlement to receive the interim dividend will be 11 March 2014. The interim dividend is unfranked in Australia and does not carry imputation credits for New Zealand based shareholders. The Company's Dividend Reinvestment Plan will not operate for the interim dividend.

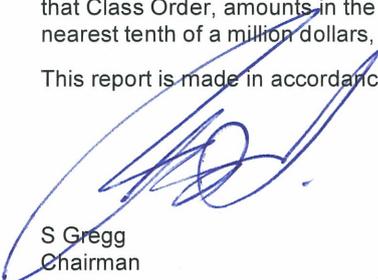
Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 4.

Rounding of amounts

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

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



S Gregg
Chairman



CR Delaney
Managing Director and Chief Executive Officer

Sydney
11 February 2014

⁽ⁱⁱⁱ⁾ Net debt excludes an unrealised foreign exchange gain of \$7.7m (1HFY13: gain of \$63.0m) relating to the revaluation of the Company's US dollar private placement debt.

^(iv) Leverage ratio and interest cover calculated in accordance with the Group's debt facility covenants.



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

To: the directors of Goodman Fielder Limited

I declare that, to the best of my knowledge and belief, in relation to the review for the financial half-year ended 31 December 2013 there have been:

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

KPMG

KPMG

Kevin Leighton
Partner

Sydney

11 February 2014

Goodman Fielder Limited
Consolidated Income Statement
For the half year ended 31 December 2013

		31 December 2013 \$m	31 December 2012 \$m
Continuing operations			
Revenue		<u>1,132.2</u>	<u>1,080.6</u>
Other income		3.9	8.0
Cost of sales		(734.4)	(689.0)
Warehouse and distribution expenses		(164.8)	(157.4)
Selling and marketing expenses		(101.4)	(93.3)
General and administration expenses (i)		(73.8)	(64.0)
Other (ii)		<u>(97.3)</u>	<u>-</u>
		(1,171.7)	(1,003.7)
Net finance costs		<u>(31.4)</u>	<u>(36.1)</u>
(Loss) / profit before income tax from continuing operations		(67.0)	48.8
Income tax credit / (expense)	5	<u>6.0</u>	<u>(10.2)</u>
(Loss) / profit for the half year from continuing operations		(61.0)	38.6
Discontinued operations			
Profit from discontinued operation	7	<u>-</u>	<u>16.5</u>
(Loss) / profit for the period		(61.0)	55.1
(Loss) / profit is attributable to:			
Owners of Goodman Fielder Limited		(64.8)	51.0
Non-controlling interests		<u>3.8</u>	<u>4.1</u>
		<u>(61.0)</u>	<u>55.1</u>
		Cents	Cents
Earnings per share for (loss) / profit from continuing operations attributable to the owners of the Company:			
Basic earnings per share	13	(3.3)	1.8
Diluted earnings per share	13	<u>(3.3)</u>	<u>1.8</u>
Earnings per share for (loss) / profit attributable to the owners of the Company from continuing and discontinued operations:			
Basic earnings per share	13	(3.3)	2.6
Diluted earnings per share	13	<u>(3.3)</u>	<u>2.6</u>

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

⁽ⁱⁱ⁾ Included in the half year is an impairment charge of \$97.3m on goodwill, brand intangibles and other tangible assets held for sale. Refer to note 7.

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

Goodman Fielder Limited
Consolidated Statement of Comprehensive Income
For the half year ended 31 December 2013

	31 December 2013 \$m	31 December 2012 \$m
(Loss) / profit for the period	(61.0)	55.1
Other comprehensive income, net of tax		
<i>Items that may be reclassified subsequently to profit or loss:</i>		
Foreign exchange translation differences	76.0	8.3
Effective portion of changes in the fair value of cash flow hedges	6.2	4.0
Exchange differences on non-controlling interest	(0.2)	(0.2)
Total items that may be reclassified subsequently to profit or loss, net of tax	82.0	12.1
Other comprehensive income for the period, net of tax	82.0	12.1
Total comprehensive income for the period	21.0	67.2
Attributable to:		
Owners of Goodman Fielder Limited	17.4	63.3
Non-controlling interests	3.6	3.9
Total comprehensive income for the half year	21.0	67.2

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

Goodman Fielder Limited
Consolidated Statement of Financial Position
As at 31 December 2013

	Notes	31 December 2013 \$m	30 June 2013 \$m
Assets			
Current assets			
Cash and cash equivalents		127.4	403.1
Trade and other receivables		181.4	162.9
Inventories		133.6	128.9
Derivative financial instruments		-	0.1
Current tax receivables		10.3	9.1
Other current assets		18.8	14.6
Assets classified as held for sale	7	21.6	1.7
Total current assets		<u>493.1</u>	<u>720.4</u>
Non-current assets			
Receivables		-	0.8
Investments in jointly controlled entities	11	6.2	5.5
Property, plant and equipment		464.1	511.5
Deferred tax assets		52.0	47.1
Intangible assets		1,535.8	1,490.5
Other non-current assets		1.4	1.0
Total non-current assets		<u>2,059.5</u>	<u>2,056.4</u>
Total assets		<u>2,552.6</u>	<u>2,776.8</u>
Liabilities			
Current liabilities			
Trade and other payables		237.7	235.7
Borrowings		51.8	52.8
Derivative financial instruments		12.7	17.0
Current tax liabilities		3.6	16.4
Provisions		59.4	60.9
Liabilities classified as held for sale	7	2.3	-
Total current liabilities		<u>367.5</u>	<u>382.8</u>
Non-current liabilities			
Borrowings		617.1	760.8
Derivative financial instruments		11.2	32.2
Deferred tax liabilities		19.8	28.2
Provisions		21.6	20.5
Total non-current liabilities		<u>669.7</u>	<u>841.7</u>
Total liabilities		<u>1,037.2</u>	<u>1,224.5</u>
Net assets		<u>1,515.4</u>	<u>1,552.3</u>
Equity			
Contributed equity		2,065.0	2,065.0
Other reserves		(94.6)	(177.6)
Retained earnings		(462.7)	(339.2)
Capital and reserves attributable to owners of Goodman Fielder Limited		<u>1,507.7</u>	<u>1,548.2</u>
Non-controlling interests		7.7	4.1
Total equity		<u>1,515.4</u>	<u>1,552.3</u>

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

Goodman Fielder Limited
Consolidated Statement of Changes in Equity
For the period ended 31 December 2013

	Attributable to owners of Goodman Fielder Limited					Total \$m	Non-con- trolling interests \$m	Total equity \$m
	Contributed equity \$m	Hedging reserve \$m	Foreign currency translation \$m	Share- based payments \$m	Accumulated losses \$m			
Balance at 1 July 2013	2,065.0	(17.7)	(162.0)	2.1	(339.2)	1,548.2	4.1	1,552.3
Loss for the half year	-	-	-	-	(64.8)	(64.8)	3.8	(61.0)
Other comprehensive income for the half year	-	6.2	76.0	-	-	82.2	(0.2)	82.0
Total comprehensive income for the period	-	6.2	76.0	-	(64.8)	17.4	3.6	21.0
Transactions with owners in their capacity as owners:								
Dividends provided for or paid	-	-	-	-	(58.7)	(58.7)	-	(58.7)
Share based payment transactions	-	-	-	0.8	-	0.8	-	0.8
Balance at 31 December 2013	2,065.0	(11.5)	(86.0)	2.9	(462.7)	1,507.7	7.7	1,515.4
Balance at 1 July 2012	2,063.7	(22.7)	(230.8)	0.6	(441.7)	1,369.1	6.0	1,375.1
Profit for the half year	-	-	-	-	51.0	51.0	4.1	55.1
Other comprehensive income for the half year	-	4.0	8.3	-	-	12.3	(0.2)	12.1
Total comprehensive income for the period	-	4.0	8.3	-	51.0	63.3	3.9	67.2
Transactions with owners in their capacity as owners:								
Revision of estimated tax effect of transaction cost from capital raising	1.3	-	-	-	-	1.3	-	1.3
Share based payment transactions	-	-	-	0.7	-	0.7	-	0.7
Balance at 31 December 2012	2,065.0	(18.7)	(222.5)	1.3	(390.7)	1,434.4	9.9	1,444.3

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

Goodman Fielder Limited
Consolidated Statement of Cash Flows
For the period ended 31 December 2013

	31 December 2013 \$m	31 December 2012 \$m
Cash flows from operating activities		
Receipts from customers	1,200.7	1,224.1
Payments to suppliers and employees	(1,139.9)	(1,074.2)
Interest received	2.9	3.8
Interest paid	(34.1)	(39.8)
Income taxes paid	(23.8)	(0.6)
Net cash inflow from operating activities	<u>5.8</u>	<u>113.3</u>
Cash flows from investing activities		
Payments for property, plant, equipment and intangibles	(37.6)	(30.8)
Proceeds from sale of property, plant and equipment	-	7.3
Proceeds from sale of business	-	147.5
Net cash (outflow) / inflow from investing activities	<u>(37.6)</u>	<u>124.0</u>
Cash flows from financing activities		
Repayment of borrowings	(191.1)	(39.5)
Finance lease payments	(0.6)	(0.5)
Dividends paid to company's shareholders	8 (58.7)	-
Net cash (outflow) from financing activities	<u>(250.4)</u>	<u>(40.0)</u>
Net (decrease) / increase in cash and cash equivalents	(282.2)	197.3
Cash and cash equivalents at the beginning of the financial year	403.1	161.7
Effects of exchange rate changes on cash and cash equivalents	6.5	(0.7)
Cash and cash equivalents at end of period	<u>127.4</u>	<u>358.3</u>

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

Contents of the notes to the financial statements

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1 Summary of significant accounting policies

Goodman Fielder Limited is a Company domiciled in Australia.

This consolidated interim financial report comprises the financial statements of Goodman Fielder Consumer Foods Pty Limited, as the accounting parent, and its deemed subsidiaries (together referred to as the Group) for the six months ended 31 December 2013. The financial report is presented in the Australian currency.

The consolidated interim financial report was authorised for issue by the Directors on 11 February 2014.

2 Basis of preparation of half-year report

(a) Statement of compliance with IFRS

This consolidated interim half year financial report for the half-year reporting period ended 31 December 2013 has been prepared in accordance with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001* and with IAS 34 *Interim Financial Reporting*.

This interim half year financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the period 30 June 2013 and any public announcements made by Goodman Fielder Limited during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

(b) Basis of measurement

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

(c) Accounting judgements, estimates and assumptions

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

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period; or in the period of the revision and future periods if the revision affects both current and future periods. There have been no significant changes since 30 June 2013 in the bases upon which estimates have been determined.

(d) Accounting policies

The accounting policies adopted are consistent with those applied by the Group in its financial report as at and for the year ended 30 June 2013, except the following new standards and amendments to standards, including any consequential amendments to other standards, with a date of initial application of 1 July 2013, which the Group has adopted.

AASB 10 *Consolidated Financial Statements* (2011) (see (i))

AASB 11 *Joint Arrangements* (see (ii))

AASB 13 *Fair Value Measurement* (see (iii))

Annual Improvements to Australian Accounting Standards 2009-2011 Cycle (see (iv)).

The nature and the effect of the changes are further explained below.

2 Basis of preparation of half-year report (continued)

(d) Accounting policies (continued)

(i) Subsidiaries

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

(ii) Joint arrangements

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

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

(iii) Fair value measurement

AASB 13 establishes a single framework for measuring fair value and making disclosures about fair value measurements, when such measurements are required or permitted by other AASBs. In particular, it unifies the definition of fair value as the price at which an orderly transaction to sell an asset or to transfer a liability would take place between market participants at the measurement date. It also replaces and expands the disclosure requirements about fair value measurements in other AASBs, including AASB 7 Financial Instruments: Disclosures. Some of these disclosures are specifically required in interim financial statements for financial instruments; accordingly, the Group has included additional disclosures in this regard (see Note 3).

In accordance with the transitional provisions of AASB 13, the Group has applied the new fair value measurement guidance prospectively, and has not provided any comparative information for new disclosures. Notwithstanding the above, the change had no significant impact on the measurements of the Group's assets and liabilities.

(iv) Segment information

The amendment to AASB 134 clarifies that the Group needs to disclose the measures of total assets and liabilities for a particular reportable segment only if the amounts are regularly provided to the Group's chief operating decision maker, and there has been a material change from the amount disclosed in the last annual financial statements for that reportable segment. No additional disclosures have been made as there has been no material change to the amount disclosed in the last annual financial statements for any of the reportable segments.

3 Financial risk management

The financial risk management policies adopted are consistent with those applied by the Group in its financial report as at and for the year ended 30 June 2013.

The Group holds the following financial assets and liabilities:

	31 December 2013 \$m	30 June 2013 \$m	31 December 2013 \$m	30 June 2013 \$m
	Fair value	Fair value	Carrying value	Carrying value
Financial assets				
Cash and cash equivalents	127.4	403.1	127.4	403.1
Trade and other receivables	181.4	162.9	181.4	162.9
Derivative financial instruments	-	0.1	-	0.1
	308.8	566.1	308.8	566.1
Financial liabilities				
Trade and other payables	237.7	235.7	237.7	235.7
Borrowings	683.5	830.0	668.9	813.6
Derivative financial instruments	23.9	49.2	23.9	49.2
	945.1	1,114.9	930.5	1,098.5

3 Financial risk management (continued)

Fair value measurements

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

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

- (a) Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities
- (b) Level 2: inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices), and
- (c) Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The following table presents the Group's assets and liabilities measured and recognised at fair value at 31 December 2013 and 30 June 2013:

At 31 December 2013	Level 1 \$m	Level 2 \$m	Level 3 \$m	Total \$m
Assets				
Derivative financial instruments	-	-	-	-
Total assets	-	-	-	-
Liabilities				
Derivative financial instruments	-	23.9	-	23.9
Total liabilities	-	23.9	-	23.9
At 30 June 2013	Level 1 \$m	Level 2 \$m	Level 3 \$m	Total \$m
Assets				
Derivative financial instruments	-	0.1	-	0.1
Total assets	-	0.1	-	0.1
Liabilities				
Derivative financial instruments	-	49.2	-	49.2
Total liabilities	-	49.2	-	49.2

4 Segment information

(a) Description of segments

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

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

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

The Integro Foods division was a leading Trans Tasman processor of edible oils. The business supplied edible oils to the Australia and New Zealand food industries and specialised in the development and production of complex, higher value oil blends. The business had four manufacturing plants and, as well as supplying in bulk, also supplied packed products under a number of leading brands. The Integro Foods business was sold on 2 October 2012 and the 31 December 2012 segment results include results of operations to that date.

4 Segment information (continued)

(b) Information about reportable segments

For the six months ended
31 December 2013

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

⁽ⁱ⁾ The impairment charge of \$97.3m relates to goodwill, brand intangibles and other tangible assets held for sale. Refer to note 7 for further details.

4 Segment information (continued)

(b) Information about reportable segments (continued)

For the six months ended 31 December 2012	Baking(ii) \$m	Dairy \$m	Grocery \$m	Asia Pacific \$m	Integro Foods (discontinued) (note 7) \$m	Total \$m
Sales to external customers	480.6	198.5	260.8	170.8	61.4	1,172.1
Inter-segment sales	16.7	7.7	15.2	3.5	35.9	79.0
Total segment revenue	<u>497.3</u>	<u>206.2</u>	<u>276.0</u>	<u>174.3</u>	<u>97.3</u>	1,251.1
Intersegment elimination						(79.0)
Discontinued operations (note 7)						(91.5)
Total revenue						<u>1,080.6</u>
Segment results						
EBITDA before restructuring costs(iii)	38.4	25.5	36.8	34.5	6.0	141.2
Depreciation and amortisation expense	(16.5)	(7.7)	(6.6)	(2.0)	(0.3)	(33.1)
EBIT before significant items	<u>21.9</u>	<u>17.8</u>	<u>30.2</u>	<u>32.5</u>	<u>5.7</u>	108.1
Restructure costs	(1.0)	(0.9)	(0.5)	(0.1)	(0.3)	(2.8)
Provision for sale of assets	(2.3)	-	-	-	-	(2.3)
Profit from sale of assets	-	-	2.7	2.6	-	5.3
Segment EBIT	<u>18.6</u>	<u>16.9</u>	<u>32.4</u>	<u>35.0</u>	<u>5.4</u>	108.3
Unallocated foreign exchange gains						0.2
Unallocated restructure costs						(1.9)
Unallocated expenses						(13.0)
Discontinued operations (note 7)						(8.7)
Net interest expense						(36.1)
Profit before income tax from continuing operations						48.8
Profit from discontinued operations, net of income tax (note 7)						16.5
Income tax expense						(10.2)
Profit for the half year						<u>55.1</u>

⁽ⁱⁱ⁾ The Baking segment included New Zealand Milling EBIT of \$3.3m and revenue of \$30.1m, which has been classified under discontinued operations. Further information has been set out in note 7 Discontinued operations.

⁽ⁱⁱⁱ⁾ The Baking segment EBITDA before restructuring costs includes \$1.0m of income relating to the Christchurch earthquakes insurance claim recognised in the ordinary course of business prior to final settlement. The insurance income recognised is primarily offset by equivalent costs incurred as a result of the earthquakes.

Segment assets

The major changes in segment assets during the prior period related to the sale of the Integro Foods segment on 2 October 2012. As a result of the sale, the total segment assets for the Integro Foods segment at 31 December 2012 was \$nil.

5 Income tax expense

The Group's effective tax rate for the six months ended 31 December 2013 was a benefit of 8.9% (2012: 20.1% expense), including the impact of impairments of assets held for sale. Amounts treated as non-deductible or assessable in determining income tax expense at 31 December 2013 remain consistent with 30 June 2013. The movement in the Group's effective tax rate is predominantly due to non-deductible impairment charges on divestments.

6 Financing activities

During the period, the Company did not refinance any banking facilities, however on 6 August 2013, \$150.0m and NZ\$40.0m was repaid on the Syndicated Loan Facility maturing November 2014 and NZ\$10.0m was repaid on the Bilateral Loan Facility maturing 27 February 2014. The Syndicated Loan Facility maturing November 2014 was cancelled during September 2013.

Subsequent to reporting date, on 7 February 2014, the Company repaid NZ\$50.0m on the Bilateral Loan Facility maturing 27 February 2014, and cancelled the facility.

7 Assets classified as held for sale and discontinued operations

(a) Assets and liabilities classified as held for sale

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

The transaction is expected to complete by the end of February 2014.

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

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

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

Both of the proposed New Zealand sales are expected to be completed by 31 March 2014.

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

7 Assets classified as held for sale and discontinued operations (continued)

(a) Assets and liabilities classified as held for sale (continued)

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

	31 December 2013 \$m	30 June 2013 \$m
Inventories	2.8	-
Property, plant and equipment (i)	8.8	1.7
Intangibles	9.3	-
Deferred tax asset	0.7	-
Total assets	<u>21.6</u>	<u>1.7</u>
Provision for employee entitlements	(2.3)	-
Total liabilities	<u>(2.3)</u>	<u>-</u>
Net assets	<u>19.3</u>	<u>1.7</u>

⁽ⁱ⁾ Includes \$1.7m (30 June 2013:\$1.7m) of land and buildings which were not purchased as part of the Integro asset sales in the prior year and are being actively marketed for sale.

(b) Operations discontinued in the prior half year

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

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

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

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

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

7 Assets classified as held for sale and discontinued operations (continued)

(c) Financial performance and cash flow information

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

	31 December	31 December
	2013	2012
	\$m	\$m
Revenue	-	91.5
Expenses	-	(11.4)
Cost of sales	-	(69.1)
Provision for asset sale costs	-	(2.3)
Profit before income tax	-	<u>8.7</u>
Income tax expense	-	(3.1)
Profit after income tax of discontinued operation	-	<u>5.6</u>
Gain on sale of the division before income tax	-	11.5
Income tax expense	-	(0.6)
Gain on sale of the division after income tax	-	<u>10.9</u>
Profit for the half year from discontinued operations, net of income tax	-	<u>16.5</u>
Net cash outflow from operating activities	-	(5.6)
Net cash inflow from investing activities	-	144.0
Net cash outflow from financing activities	-	(0.2)
Net increase in cash generated by the discontinued operations	-	<u>138.2</u>

7 Assets classified as held for sale and discontinued operations (continued)

(d) Details of the sale of Integro Foods business

	31 December 2013 \$m	31 December 2012 \$m
Consideration received or receivable:		
Cash	-	147.5
Total disposal consideration ⁽ⁱ⁾	-	147.5
Carrying amount of net assets sold	-	(136.0)
Gain on sale before income tax	-	11.5
Income tax expense	-	(0.6)
Gain on sale after income tax	-	10.9

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

8 Dividends

(a) Ordinary shares

The following dividend was declared by the Group:

	31 December 2013 \$m	31 December 2012 \$m
Final dividend for the year ended 30 June 2013 of 3.0 cents (2012: nil cents) per fully paid share paid on 1 November 2013.		
Australia: nil franked amount (2012: nil franked amount)		
New Zealand: nil imputation amount (2012: nil imputation amount)	58.7	-

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

	31 December 2013 \$m	31 December 2012 \$m
Since the half year end the Directors have resolved to pay an interim dividend of 1.0 cent per fully paid ordinary share (2012: nil cents).		
Australia: nil franked amount (2012: nil franked amount)		
New Zealand: nil imputation amount (2012: nil imputation amount)		
The aggregate amount of the proposed dividend payable but not recognised as a liability	19.6	-

9 Contingencies

There were no significant changes to contingent liabilities as disclosed in the most recent annual report.

10 Commitments

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

	31 December 2013 \$m	30 June 2013 \$m
<i>Property, plant and equipment</i>		
Within one year	<u>12.9</u>	<u>15.3</u>
	12.9	15.3

11 Jointly controlled entities

The Group has a 50% interest (30 June 2013: 50% interest) in PT Sinar Meadow International Indonesia (incorporated in Indonesia). PT Sinar Meadow International Indonesia operates a margarine manufacturing and distribution business in Indonesia. The Group's investment in the company, together with loans made to the company, were written off in prior years.

During the current period, an impairment reversal of \$0.7m (30 June 2013: \$1.3m) of the Group's investment in PT Sinar Meadow International Indonesia was recognised.

	31 December 2013 \$m	30 June 2013 \$m
Investment in jointly controlled entity	<u>6.2</u>	<u>5.5</u>

12 Events occurring after the reporting period

On 7 February 2014, the Company repaid NZ\$50.0m on the Bilateral Loan Facility maturing 27 February 2014, and cancelled the facility.

On 11 February 2014, the Directors of the Company resolved to pay an interim dividend of one cent per ordinary share. The interim dividend will be unfranked in Australia, with nil imputation for New Zealand taxation purposes. No portion of the dividend is declared to be conduit foreign income. The record date for entitlement to the dividend is 11 March 2014 and the dividend is expected to be paid on 10 April 2014. The total amount of the interim dividend is \$19.6 million.

Except as mentioned above, there have been no events subsequent to balance date which would have a material effect on the Group's financial statements as at 31 December 2013.

13 Earnings per share

(a) Basic earnings per share

	31 December 2013 Cents	31 December 2012 Cents
Earnings per share from (loss) / profit from continuing operations attributable to the owners of the company	(3.3)	1.8
Earnings per share from profit from discontinued operations attributable to the owners of the company	-	0.8
Total basic earnings per share attributable to the owners of the Company	<u>(3.3)</u>	<u>2.6</u>

(b) Diluted earnings per share

	31 December 2013 Cents	31 December 2012 Cents
Earnings per share from (loss) / profit from continuing operations attributable to the owners of the company	(3.3)	1.8
Earnings per share from profit from discontinued operations attributable to the owners of the company	-	0.8
Total diluted earnings per share attributable to the owners of the Company	<u>(3.3)</u>	<u>2.6</u>

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

	31 December 2013 \$m	31 December 2012 \$m
<i>Basic and diluted earnings per share</i>		
Profit attributable to the owners of the Company used in calculating basic earnings per share:		
(Loss) / profit for the half year from continuing operations	(61.0)	38.6
Profit for the half year from discontinued operations	-	16.5
Less: Profit attributable to non-controlling interests	(3.8)	(4.1)
	<u>(64.8)</u>	<u>51.0</u>

13 Earnings per share (continued)

(d) Weighted average number of shares used as denominator

	31 December 2013 millions	31 December 2012 millions
<i>Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share</i>	1,955.6	1,955.6
Adjustments for calculation of diluted earnings per share:		
Effect of share rights on issue	-	11.5
<i>Weighted average number of ordinary and potential ordinary shares used as the denominator in calculating diluted earnings per share</i>	1,955.6	1,967.1

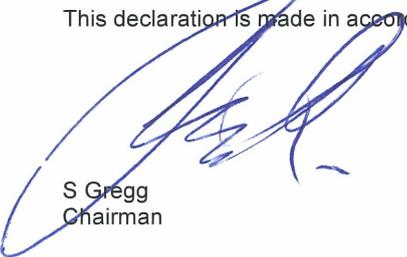
In the current half year, the impact of dilutive potential ordinary shares that were in existence during the half year were not included as the Group is in a loss position.

**Goodman Fielder Limited
Directors' Declaration
31 December 2013**

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

- (a) the half year financial report and notes set out on pages 5 to 24 are in accordance with the *Corporations Act 2001*, including:
 - (i) complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and, the *Corporations Regulations 2001* and other mandatory professional reporting requirements, and
 - (ii) giving a true and fair view of the Group's financial position as at 31 December 2013 and of its performance for the half year on that date, and
- (b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

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



S Gregg
Chairman



CR Delaney
Managing Director and Chief Executive Officer

Sydney
11 February 2014



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

We have reviewed the accompanying half-year financial report of Goodman Fielder Limited, which comprises the consolidated statement of financial position as at 31 December 2013, consolidated income statement and consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, notes 1 to 13 comprising a summary of significant accounting policies and other explanatory information and the directors' declaration of the Group comprising the company and the entities it controlled at the half-year's end or from time to time during the half-year.

Directors' responsibility for the half-year financial report

The directors of the company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the Group's financial position as at 31 December 2013 and its performance for the half-year ended on that date; and complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As auditor of Goodman Fielder Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

Independence

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



Conclusion

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

(a) giving a true and fair view of the Group's financial position as at 31 December 2013 and of its performance for the half-year ended on that date; and

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

KPMG

Kevin Leighton
Partner

Sydney

11 February 2014