Goodman Fielder Limited
ABN 51 116 399 430

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14 August 2013

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

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

Goodman Fielder Limited – Preliminary Final Report and 2013 Annual Financial Report

I attach the following documents:

- an Appendix 4E 2013 Preliminary Final Report in relation to the Company's results for the financial year ended 30 June 2013; and
- a copy of the 2013 Annual Financial Report (incorporating the Directors' Report, the Financial Report and the Independent Auditor's Report dated 14 August 2013).

The Company's Results Announcement for the financial year ended 30 June 2013 will follow.

A Presentation to Analysts in connection with the 2013 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 2013 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 2013 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 2013

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.

PRELIMINARY FINAL REPORT
PERIOD ENDED 30 JUNE 2013

RESULTS FOR ANNOUNCEMENT TO THE MARKET
(all comparisons are to the year ended 30 June 2012)

Name of entity

GOODMAN FIELDER LIMITED

ABN 51 116 399 430

Reporting period: Year ended 30 June 2013

	Direction of movement	% Change	2013 $A Million	2012 $A Million
Revenue from ordinary activities	Down	**11.4%**	**2,227.2**	**2,513.7**
Revenue from continuing operations [1]	Down	**3.8%**	**2,127.6**	**2,212.5**
Profit / (Loss) from continuing operations after tax attributable to members [2]	Up	**167.4%**	**83.5**	**(123.8)**
Net Profit / (Loss) for the period attributable to members [2]	Up	**169.8%**	**102.5**	**(146.9)**
Net tangible asset backing per ordinary share	Up	**210.7%**	**3.1 cents**	**(2.8) cents**

(1) During the financial year, Goodman Fielder Limited completed the sale of its Integro commercial oils business and its New Zealand Milling business. Both businesses are reported in this 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 discontinued operations for the year is set out in note 4 and note 8 of the 2013 financial statements.

(2) The prior year comparative figures include 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.

DIVIDENDS

	Amount per security	Franked amount per security	Imputation amount per security
Dividends on ordinary shares			
Interim dividend FY13	Nil	Nil at 30%	Nil at 28%
Final dividend FY12	Nil	Nil at 30%	Nil at 28%
Interim dividend FY12	Nil	Nil at 30%	Nil at 28%

On 14 August 2013, the Directors of the Company resolved to pay a dividend of 3.0¢ per share. The final dividend will be unfranked, with nil imputation for New Zealand taxation purposes. Of the dividend amount, 1.0¢ per share is declared to be conduit foreign income.

The record date for entitlement to the dividend is 27 September 2013 and the dividend is expected to be paid on 1 November 2013.

The total amount of the final dividend is $58.7 million.

The Dividend Reinvestment Plan (DRP) will not apply to the final dividend.

EXPLANATION OF RESULTS

Please refer to the attached 2013 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 2013.

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.

GOODMAN FIELDER LIMITED

Annual Financial Report

30 June 2013

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Directors' Report

The Directors of Goodman Fielder Limited (the Company) present the 2013 Directors' Report (including the Remuneration Report), together with the 2013 Financial Report of the consolidated entity (the Group), for the financial year ended 30 June 2013. An Independent Auditor's Report from the external auditor, KPMG, is also provided.

Principal Activities

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

Operating and Financial Review for the year ended 30 June 2013 (FY13)*

A$m unless specified	**FY13**			FY12		
	Continuing Operations	*Discontinued Operations*	**Group Total**	*Continuing Operations*	*Discontinued Operations*	**Group Total**
REPORTED[1]						
REVENUE	2,127.6	99.6	**2,227.2**	2,212.5	301.2	**2,513.7**
EBITDA	257.2	22.9	**280.1**	248.2	(11.0)	**237.2**
EBIT	190.7	22.6	**213.3**	(17.7)	(16.4)	**(34.1)**
NPAT	83.5	19.0	**102.5**	(123.8)	(23.1)	**(146.9)**
Basic EPS (cents)	4.3	1.0	**5.3**	(7.0)	(1.3)	**(8.3)**
NORMALISED[2]						
EBITDA	252.1	14.9	**267.0**	263.4	36.4	**299.8**
EBIT	185.6	14.6	**200.2**	202.0	31.1	**233.1**
NPAT	75.7	10.8	**86.5**	72.1	24.4	**96.5**
Basic EPS (cents)	3.9	0.6	**4.5**	4.1	1.4	**5.5**

Key Financial Metrics (From Continuing and Discontinued Operations)

A$m unless specified	**FY13**	FY12	% Change
Net free cash flow[3]	**262.4**	249.2	improved by 5%
Dividend Per Share (cents)	**3c**	--	n/m
Net debt[4]	**434.5**	728.0	reduced by 40%
Leverage ratio (times)[5] (Net debt/EBITDA)	**1.65**	2.42	improved by 32%
Interest cover (times)[5] (EBITDA/Net Interest)	**4.06**	3.61	improved by 12%

(1) Reported includes significant items. Significant items for FY13 were $16.0m, comprising net gain on business divestments/asset sales of $13.7m; net insurance proceeds of $16.8m; restructure costs of $17.4m and tax of $2.9m. Significant items in FY12 were ($243.4m), comprising restructure costs of ($58.6m); impairments of ($187.8m); asset write-downs of ($16.8m); unrealised foreign exchange losses of ($4.0m) and tax of $23.8m.
(2) Normalised result excludes significant items.
(3) Net free cash flow represents receipts from customers less payments to suppliers and employees.
(4) Net debt excludes an unrealised foreign exchange gain of $23.9m (FY12: gain of $52.5m) 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.
n/m – not meaningful

* ***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.***

Financial Results Overview

- **Reported net profit after tax of $102.5m – vs loss of $146.9m in prior year**
  - Reported net profit includes net gain on business divestments, insurance proceeds and lower significant items (restructure costs, asset impairments) compared to prior year
  - Reported Basic EPS of 5.3 cents per share vs Basic EPS loss of 8.3 cents per share in prior year

- **Normalised net profit after tax from continuing operations $75.7m – up 5%**
  - Despite lower normalised EBIT, the increase in normalised NPAT reflects lower net interest expense from strengthened balance sheet
  - Normalised EPS from continuing operations of 3.9 cents per share compared to 4.1 cents per share in prior year is after the increase in number of shares on issue in FY13

- **Improved second half result creates stronger earnings platform in FY14**
  - EBIT from continuing and discontinued operations $200.2m – slightly ahead of guidance
  - EBIT from continuing operations down 8% on prior year, impacted by challenging retail markets and volume declines as a result of the Company leading on price (Australia) and also from disappointing result in Fiji Poultry business from operational issue (Asia Pacific)
  - However, EBIT from continuing operations up 21% in second half on first half from continued turnaround in Baking performance and improved performance in NZ Dairy business
  - NPAT from continuing operations up 29% in second half on first half

- **Group financial position strengthened further**
  - Net debt reduced by 40% from FY12 to $434.5m
  - Improved credit metrics
    - leverage ratio (Net debt/EBITDA) 1.65 times (vs 2.42 times in FY12)
    - interest cover (EBITDA/Net Interest expense) 4.06 times (vs 3.61 times FY12)
  - Continued strong cash flow generation – operating cash flow up 39% to $178.7 million - equates to 9.1 cents per share

- **Dividend payment to shareholders resumed – 3 cents per share**
  - Strengthened financial position and achievements being delivered under strategic plan to restore sustainable earnings enables Board to reintroduce dividend to shareholders
  - Dividend of 3 cents per share payable on 1 November 2013
  - Represents dividend payout ratio of 68 per cent of normalised NPAT

- **Continued delivery of strategic plan initiatives**
  - Successful completion of non-core divestments (Integro, NZ Milling) enables greater focus of funding and resources on core categories
  - Increased reinvestment in branded core category innovation – DME up 19 per cent
  - Improved alignment with retail partners results in price increases related to 'cost to serve' model in Baking, recovery of input costs in Baking/Grocery and successful negotiation of new private label baking contract in Australia
  - Project Renaissance remains on schedule to achieve $100m in annualised cost savings by FY15 – annualised cost savings of $65m achieved at end of FY13
  - Continued progress on key imperatives to improve operational effectiveness - Safety performance improved by 17 per cent

Commentary on Results

The Company's continued progress in strengthening the business has resulted in a return to growth for FY13 with normalised net profit from continuing operations increasing by 5 per cent on the prior year.

The Company faced the considerable challenges of rising input costs, intense retail competition and some specific operational issues primarily in its Asia Pacific business, but delivered a solid result which creates a platform for sustainable earnings growth into the future.

The Company reinstated dividends to shareholders, announcing a final dividend of 3 cents per share for FY13 payable on 1 November 2013.

Earnings from continuing operations in the second half of FY13 increased by 21 per cent over the first half from an improvement in the Company's Baking and Grocery divisions and continued strong performance from the Dairy business in New Zealand, partially offset by lower earnings in the Fiji Poultry business in its Asia Pacific division.

The strategic initiatives being implemented across the business are starting to take hold, which is reflected in the Company's stronger second half performance.

The Company is gaining further traction in turning around the Baking division from the price increases implemented late last year related to the 'cost to serve' model and recovery of input costs, together with a continued reduction in the cost base through ongoing manufacturing and distribution efficiencies.

Earnings in the Grocery division stabilised in the second half, with an improved pipeline of new products being launched progressively this year following the increased investment made in core category branded innovation.

The Company's strengthened balance sheet, with resulting lower net interest expense, has assisted the company in restoring profit growth this year, and provides the platform for the group to generate positive earnings momentum for the medium term.

Net debt is 40 per cent lower than a year ago, while the Company has commenced the necessary reinvestment in its core categories and brands with Direct Marketing Expenditure (DME) up 19 per cent on the prior year.

Strong cash flow is continuing to be generated across the businesses with operating cash flow increasing by 39 per cent on the prior year to $178.7 million.

The Company is now financially stronger with a much clearer focus on the core categories where there is capacity to leverage the Company's leading brands and market positions to restore acceptable earnings growth.

Group Financial Results

The Company reported net profit after tax for FY13 of $102.5 million compared to a reported loss of $146.9 million the previous year.

Reported earnings per share were 5.3 cents compared to a loss of 8.3 cents per share for FY12.

Reported EBITDA increased by 18 per cent to $280.1 million, while reported EBIT increased to $213.3 million compared to an EBIT loss of $34.1 million the previous year.

Reported net profit after tax for FY13 includes significant items of $16.0 million, including net gains on business divestments and asset sales of $13.7 million, net insurance claim proceeds relating to the Christchurch earthquake of $16.8 million, offset by business restructuring costs of $17.4 million and a tax gain on significant items of $2.9 million.

Normalised net profit after tax (excluding significant items) was $86.5 million compared to $96.5 million for the prior year. However, the result for the prior year included a full year's contribution from the Integro business (sold on 2 October 2012) and a full year's contribution from the New Zealand Milling business (sold on 22 February 2013).

Revenue from continuing operations declined by 4 per cent on lower volumes, primarily in the Baking and Grocery divisions in Australia.

However, disciplined cost management resulted in gross margin as a per cent of revenue and contribution before marketing as a per cent of revenue improving on the prior year.

Normalised EBIT from continuing operations declined by 8 per cent to $185.6 million, reflecting lower volumes and an increased tolling margin payable in the Grocery business related to the sale of the Integro business. The decline in EBIT also reflects an increase in DME of 19 per cent across the Group.

However, normalised EBIT from continuing operations improved by 21 per cent in the second half of the year compared to the first as the Company continued to progress strategic initiatives, including price increases related to the 'cost to serve' model in Baking and further improvements to the underlying cost base through manufacturing and distribution efficiencies.

Normalised net profit after tax from continuing operations (excluding Integro and New Zealand Milling) increased by 5 per cent to $75.7 million.

Net assets of the Company increased 13 per cent on prior period. Both trade receivables and trade payables improved, which is the result of the sale of the Integro and New Zealand Milling businesses and also from improved working capital management.

Net debt at 30 June 2013 was $434.5 million – a reduction of 40 per cent on the prior year, with an average debt maturity profile of 3.8 years.

The Company maintains a strong balance sheet and continues to operate comfortably within its banking covenants, with a leverage ratio (Net debt/EBITDA) of 1.65 times (2.42 times in FY12) and interest cover (EBITDA/Net Interest) of 4.06 times (3.61 times in FY12).

Group capital expenditure of $83.0 million was 3 per cent lower than the prior year, reflecting a delay in some projects which are scheduled for FY14. Of this total, $46.1 million was related to planned maintenance and safety/regulatory expenditure and $36.9 million was for growth and cost-out strategic initiatives.

Update on Project Renaissance – Realigning the Cost Base

The Company remains on target to achieve $100 million in annualised savings by FY15 under Project Renaissance.

As advised previously, the first phase of this project, targeting A$40 million in annualised savings, has been successfully achieved.

Goodman Fielder is progressing the second phase of Project Renaissance, which is focused primarily on optimising manufacturing and supply chain efficiencies to deliver ongoing cost savings.

During FY13, the Company continued to achieve additional cost savings bringing total annualised savings to approximately $65 million at the end of FY13. This annualised amount is slightly less than originally expected, primarily due to the higher than anticipated impact on volumes from the implementation of price increases related to the "cost to serve" model in the Australian Baking division.

Cost savings achieved through Project Renaissance are being reinvested to strengthen the business through brand and product innovation and productivity improvements to restore earnings.

Restructuring costs related to Project Renaissance were $12.0 million in FY13, including cash restructuring costs of $9.5 million and non-cash asset write-downs of $2.5 million.

Continuing Operations Commentary

The initial focus of the Company's strategy has been to reduce the cost base and refocus the portfolio on core categories.

The results of that activity are being reflected in an improved operational cost structure, together with a more focused capital and marketing spend.

In order to deliver sustainable earnings improvement for the medium term, the Company is now making the necessary investments in marketing, branding and innovation in these core categories.

The Company has also led pricing in the market, particularly in the Australian Baking division, recognising the costs involved in continuing to provide a daily fresh delivery service across the country.

In the short term, the Company's strategy to lead pricing has impacted volumes in some categories while the lower earnings for the full year reflect the increased reinvestment in DME this year, in addition to the impact of the operational issue in the Fiji poultry business.

Continuing Operations – Divisional Performance

Baking (ex New Zealand Milling)

$Am (unless stated)	FY13	FY12	Variance
Revenue	**897.8**	927.2	-3%
EBIT(Normalised)*	**49.5**	54.5	-9%
EBIT Margin*	**5.5%**	5.9%	
Free cash flow	**91.5**	55.9	64%

Note: (*) Represents EBIT before restructuring costs as per note 4 'segment information' in the 30 June 2013 financial report excluding normalised New Zealand Milling EBIT of $8.4 million (2012: $9.7m)

While the Baking category, particularly in Australia, remains challenging from the continued impact of private label, competitor and in-store baking competition on proprietary brands, Goodman Fielder made progress in the second half of the year on its strategy to turn around the Baking division to deliver more acceptable earnings performance.

While normalised EBIT declined by 9 per cent to $49.5 million compared to the previous year, second half earnings doubled on the first half, creating positive earnings momentum into the current financial year.

Revenue for FY13 declined by 3 per cent to $897.8 million, reflecting lower volumes, particularly in the Australian market in the first half of the year.

The Company implemented price increases for its proprietary baking products in December 2012, recognising the costs involved in providing a daily fresh delivery service in Australia and also relating to the recovery of input cost inflation (ex commodities) in Australia and New Zealand.

The effect on volumes in Australia from price increases was slightly higher than anticipated and also impacted by more frequent and deeper competitor promotional pricing in the third quarter.

Goodman Fielder has responded to protect market share in the core fresh loaf category.

The Company has continued its restructuring program to create a more sustainable cost base through improved manufacturing and distribution efficiencies and overhead savings.

As a result, total fixed overhead in the Baking division was 9 per cent lower than the prior year.

The consolidation of the Company's operations in North Queensland was successfully completed in February 2013 with the closure of bakeries at Cairns and Rockhampton and an upgrade completed at the Townsville facility. The bakery at Whiteside (Melbourne) was closed in October 2012, while production of rolls at Tamworth was outsourced in November 2012.

The Company is continuing its project to increase distribution efficiencies by individually reviewing its regional distribution routes.

Approximately 100 routes have been reviewed with around 40 routes either eliminated or restructured to improve distribution efficiency.

Meanwhile, the Company is further optimising its product range to increase manufacturing efficiency, improve on-shelf availability and increase consumer satisfaction.

During FY13, over 200 individual product items (SKUs) were deleted – a reduction of approximately 30 per cent on the previous year, resulting in a significant reduction in the complexity of the baking operation.

The Company has commenced the reinvestment programme in core category innovation across the portfolio which has resulted in new product launches in New Zealand and a pipeline of new product development and rebranding initiatives in Australia to be launched in FY14.

In New Zealand, Vogel's added two new variants, Sunflower & Red Quinoa and Chia & Toasted Sesame, to its Gluten Free bread range, while Nature's Fresh added a new range, Nature's Fresh Simply Fibre to its stable of products.

Freya's and Nature's Fresh have also launched two new product ranges in the wraps market which is growing at approximately 25 per cent per year.

Grocery*

$Am (unless stated)	**FY13**	FY12	Variance
Revenue	**502.8**	540.6	-7%
EBIT (Normalised)**	**63.4**	72.4	-12%
EBIT Margin**	**12.6%**	13.4%	
Free cash flow	**90.9**	71.3	27%

Notes: (*) Includes the Out of Home category which was previously included in the Integro division
(**) Represents EBIT before restructuring costs as per note 4 'segment information' in the 30 June 2013 financial report

Retail trading conditions in Grocery remained difficult during the year, particularly in Australia, as a result of subdued consumer sentiment and increased competition from proprietary brands and private label which continued to put pressure on volumes and price.

Grocery revenue declined by 7 per cent, to $502.8 million, impacted by lower volumes which required further investment in price and promotional strategy in an effort to mitigate volume declines.

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

Volumes reduced from supermarket range reductions in specific product categories in Australia and from increased mix pressure from private label and competitors, in the core categories of spreads and dressings & mayonnaise in Australia.

Volumes in Australia were lower in dips (divested during the year) and also in biscuits.

Volumes in New Zealand were in line with the previous year, with improved performance in flour towards the end of the year helping to offset lower volumes in spreads.

Normalised EBIT declined by 12 per cent on the prior year, impacted by lower volumes, particularly in specific non-core categories within the portfolio and also by an additional tolling margin payable for commercial oils as a result of the divestment of the Integro business.

As part of the sale, the Company agreed a long term supply agreement for the supply of oil and finished goods which is expected to deliver a more efficient manufacturing supply chain over the medium term.

However, earnings improved by 10 per cent in the second half compared to the first half, as the Company stabilised its core categories and repositioned its master brands for growth, including an increase in DME of 46 per cent.

In the spreads category, MeadowLea launched its new Buttery spreadable range in June, together with the new HeartPlus range of 5 SKUs replacing the Logicol brand. This was followed in July by the new Cook & Bake block range (2 SKUs) targeting the in-home baking market.

In the flour and cake mix category, White Wings launched LunchBox Heroes in April 2013 followed by the new Black Label premium range of cake mixes in June.

Dairy

$Am (unless stated)	**FY13**	FY12	Variance
Revenue	**395.3**	411.1	-4%
EBIT (Normalised)*	**37.7**	32.0	18%
EBIT Margin*	**9.5%**	7.8%	
Free cash flow	**50.2**	38.7	30%

Note: (*) Represents EBIT before restructuring costs as per note 4 'segment information' in the 30 June 2013 financial report

The Company's Dairy division in New Zealand continued to perform well in the second half of the year, building on the improved earnings performance in the first half.

Earnings increased from improved product mix, enhanced price architecture and ongoing disciplined cost management.

Revenue declined by 4 per cent to $395.3 million, reflecting declining commodity prices in milk and cheese and lower net average selling prices in meats.

Volumes were 1.5 per cent lower than the prior year, reflecting lower sales in milk and cheese during the year. However, volumes in yoghurt increased, partially in response to the Meadow Fresh "cool stuff for kids" marketing initiative.

Despite lower revenue, normalised EBIT increased by 18 per cent to $37.7 million on gross margin improvement from a more profitable product mix and ongoing effective cost management.

The increased EBIT also included an increase in DME of 31 per cent, primarily to support the Meadow Fresh brand in New Zealand. This included the "cool stuff for kids" marketing programme which drove higher brand equity for Meadow Fresh and increased volumes in yoghurt with 6 pack sales up 14 per cent during the campaign.

Free cash flow increased by 30 per cent to $50.2 million, reflecting improved earnings and lower restructuring costs.

In April 2013, the Company successfully extended its private label contract with a major retail partner while towards the end of the year, the Dairy business secured additional milk volumes through a supermarket chain in the North Island. More recently, the Route Food Service division was awarded two contracts from customers.

Asia Pacific

$Am (unless stated)	**FY13**	FY12	Variance
Revenue	**331.8**	333.5	-1%
EBIT (Normalised)*	**56.4**	62.2	-9%
EBIT Margin*	**17.0%**	18.7%	
Free cash flow	**56.1**	60.0	-7%

Note: (*) EBIT before restructuring costs as per note 4 'segment information' in the 30 June 2013 financial report

The Company's Asia Pacific division reported a disappointing result, primarily as a result of a one-off capacity issue in the Company's poultry business in Fiji.

A higher than expected livestock mortality rate reduced the Company's ability to supply poultry to the Fiji market. Resulting lower volumes, together with higher costs associated with remediating the issue, impacted performance in the second half of the year.

Revenue for the Asia Pacific division declined by 1 per cent to $331.8 million as a result of the lower volumes and unfavourable product mix in Fiji and lower stockfeed volumes in Papua New Guinea, partially offset by improved flour volumes in Papua New Guinea and dairy.

Increased manufacturing costs, primarily related to alleviating the capacity constraints in Fiji, impacted earnings with normalised EBIT declining by 9 per cent to $56.4 million.

Lower earnings also impacted net free cash flow which was $56.1 million, 7 per cent lower than the previous year.

Capital expenditure, which included key projects such as the relocation of the Company's snacks plant in Lae, Papua New Guinea and further investment in safety initiatives across the region, was higher than the prior year.

In recent months the Fiji poultry business has shown signs of operational improvement with declining mortality rates which have assisted in processing yield improvements. The business remains focused on restoring volumes to more acceptable levels to drive earnings improvement in FY14.

Outlook

The outlook for retail trading conditions, particularly in Australia and New Zealand, remains challenging with continuing pressure on product volumes and pricing.

In this environment, Goodman Fielder maintains its focus on operational cost control and disciplined capital management.

The Company expects to achieve further cost reductions in FY14 as part of Project Renaissance, primarily through manufacturing, distribution and procurement efficiencies and also expects a continued reduction in net debt over FY14.

These initiatives enhance the Group's financial flexibility to continue the necessary reinvestment across the Company's core categories to drive top line growth.

As a result, a key priority for the current year includes increased innovation and strengthened brand equity through innovation and increased investment in research and development and DME.

The Company is continuing to reduce its cost base and invest further with the objective of delivering more sustainable earnings growth over the medium term.

To support these initiatives, the Company will also continue to leverage its market and category structure to better harness strategic partnerships with its retail partners in the key areas of new product development and consumer insights.

The Company expects the benefits of that strategy will initially be reflected in improved gross margin and contribution before marketing and subsequently in earnings growth as these initiatives take hold further.

Meanwhile, the impact of higher farmgate milk pricing and aggressive competitor pricing is expected to have an impact on margins in the Company's New Zealand Dairy business in the first quarter.

As a result of the continued reinvestment in its brands and categories, the Company's earnings in FY14 are expected to be weighted towards the second half.

The Company's achievements over the past year have given it a stronger platform to deliver on its strategic priorities and it is anticipated that further progress will continue to be made in FY14.

Goodman Fielder will provide further information about market and trading conditions at the Company's annual general meeting on 22 November 2013.

Business Strategies and Prospects

In September 2012, the Company outlined its Strategic Plan, providing detailed information on the various strategies the Company intends to pursue to enhance shareholder value over the medium term. The Company identified six specific areas of focus, which are set out below, together with a summary of progress made during the 2013 financial year in meeting these strategic objectives.

Bakery Turnaround

Strategic Objectives

Restore acceptable earnings in Baking division by:

- Transforming the manufacturing footprint
- Optimising the product portfolio
- Improving distribution efficiencies

Progress made

- Significant progress in FY13 – strong uplift in 2nd half EBIT
- Private label agreement successfully negotiated
- Three bakery closures
- SKUs rationalised by 30%
- 40 unprofitable distribution routes deleted or restructured

Sustainable Cost Structure

Strategic Objectives

- Ensure a low cost, efficient operating model
- Optimise cost of goods sold (COGS), Supply Chain and overhead expenditure

Progress made

- Continued progress in Phase 2 of Project Renaissance cost savings
- Achieved $65 million in annualised savings at end of FY13
- Remain on schedule to deliver $100 million by FY15

Core Category Innovation

Strategic Objectives

- Invest for growth in five core categories
- Create R&D function to drive branded innovation across portfolio

Progress made

- Reinvesting in core category innovation – direct marketing expenditure (DME) up 19%
- Launch of new products in Spreads, Cake Mix and Dressings in 2nd half
- Launch of new marketing campaigns – Cool our Schools, Kiwi Faves
- Improved NPD pipeline

Strategic Partnerships with Key Customers

Strategic Objectives

- Restructure the operating model to provide one face to the customer
- Work collaboratively with customers on new product development (NPD) and consumer insights
- Improve dialogue with customers to restore category profitability

Progress made

- Successful pricing agreement on "cost to serve"
- Customer collaboration on NPD/consumer insights in key categories

New Channels & Geographies

Strategic Objectives

- Diversify earnings beyond supermarket channel and leverage Asia Pacific presence
- Develop strategy to build presence in Artisan / In-Store bakery
- Implement scoping study targeting UHT & Bakery opportunities in Asia

Progress made

- Dairy expansion plans being developed to access new markets
- Artisan – continuing to grow chilled bread category; volume increased at Erskine Park to service new customers)

Portfolio Optimisation

Strategic Objectives

- Become a more focused food company with best in class innovation
- Divest non-core businesses
- Prioritise marketing and capital expenditure on core categories

Progress made

- Successful divestments of Integro, New Zealand Milling – net proceeds of $192 million applied to reduce net debt
- Divested Copperpot and progressing other businesses under review
- Specific project in place to mitigate stranded costs

In addition to the specific strategies outlined, the Company also recognised the need to further improve its operational effectiveness in the key areas of safety, quality, talent development, innovation and leadership. During the 2013 financial year, the Company made progress in a number of these areas, as detailed below:

- Group Safety as measured by the Significant Injury Frequency Rate (SIFR) improved, with a 17 per cent decline in SIFR compared with the prior year.
- Goodman Fielder continued to strengthen its Group Executive team with key management appointments in Supply Chain and Operations, Group Innovation and Research and Development, and a new Managing Director of the Asia Pacific division. The Company also upgraded several of its Director-level roles with a significant proportion of new appointments (64%) being women, which has increased the gender diversity in the Executive Leadership Team.
- The Company improved its engagement with employees and commenced the rejuvenation of the Company's corporate culture, including the launch of a new vision, values and purpose.
- The Company launched a new Leadership Capability model - the Goodman Fielder Way for Talent - to support individual career development and team capability development across the organisation.

Material Business Risks

While Goodman Fielder remains confident that its strategy has the capacity to deliver enhanced shareholder value over the medium term, the Company is also cognisant of the risks which may impact business performance and hinder its ability to deliver its strategic objectives. A discussion of material risks is presented below.

1. Increased Competitive Environment

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

The Company's strategy to mitigate these risks includes:

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

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

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

The Company's strategy to mitigate these risks includes:

- Securing long term supply agreements for its core raw materials, including wheat, flour, oils and raw milk;
- Proactive management of the risk of commodity cost movements within Board approved limits to manage the company's commodity cost exposure; and
- Specific cost management programmes targeting manufacturing, supply chain, distribution and overhead efficiencies to address rising input costs.

3. Branded Innovation

A key component of Goodman Fielder's strategy to increase earnings growth is the Company's focus on branded innovation and research and development. There is a potential risk to future earnings that product innovation (new products and brands) relating to this strategy may not be successful in the market. Goodman Fielder is mitigating this risk by implementing a formal and disciplined 'stage and gate' process in its research and development approach to quantify risks and business pay-back related to new product development across its businesses.

4. Key Customer Relationships

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

5. Food Safety and Quality

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

The Company's strategy to mitigate these risks includes:

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

6. Strategy and Project/Program Execution

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

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
Steven Gregg BCom Chairman of the Board and Independent non-executive Director	52	Director since 26 February 2010 and Chairman of the Board and of the Nomination Committee since 1 October 2012. Chairman of the Corporate Risk Committee from 26 February 2010 to 25 October 2012 and Member of the Audit Committee from 26 February 2010 to 25 October 2012. Mr Gregg is an experienced investment and commercial banker with extensive Australian and international executive experience with ABN Amro (as Senior Executive Vice President and Global Head of Investment Banking), Chase Manhattan, Lehman Brothers and AMP Morgan Grenfell. His most recent executive role was as Expert Partner at McKinsey & Company in Australia and the US. Mr Gregg is a member of the Grant Samuel non-executive Advisory Board and is a non-executive Director of Tabcorp Holdings Limited (appointed 18 July 2012), Challenger Limited and Challenger Life Limited (appointed 8 October 2012) and William Inglis & Son Limited. He is the Chairman of The Lorna Hodgkinson Sunshine Home and also served as Chairman of Austock Group Limited between November 2009 and May 2012. *Former directorships of other listed companies during the past three years: Austock Group Limited, November 2007 to May 2012*
Chris Delaney BA Managing Director and Chief Executive Officer	51	Managing Director and Chief Executive Officer, appointed 4 July 2011. Mr Delaney is an experienced FMCG executive whose international career includes senior executive positions in the US, Australia, Asia, Europe and the Middle East. He initially served at Procter & Gamble for 20 years in a variety of management roles before joining the Campbell Soup Company in 2004 as Vice President of Sales. He was subsequently appointed President of Emerging Markets and then President (Asia Pacific) in 2009. In his most recent role, he was responsible for leading and growing Campbell's fastest growing region, with revenue of more than $1 billion and operations in Australia, New Zealand and Asia. Mr Delaney is currently Deputy Chairman of the Australian Food and Grocery Council. *Former directorships of other listed companies during the past three years: None*
Jan Dawson BCom, FCA, MInstD, F Fin Independent non-executive Director	59	Director since 1 October 2012. Member of the Corporate Risk Committee (appointed 1 October 2012) and the Audit Committee (appointed 1 January 2013). Ms Dawson, who is based in New Zealand, was formerly the Chair and Chief Executive of KPMG New Zealand where she had extensive experience encompassing audit and accounting advice, due diligence, capital transactions, risk management, governance and litigation support for a wide range of companies across manufacturing, property and infrastructure. Ms Dawson is currently a non-executive Director of Air New Zealand Limited, Westpac New Zealand Limited, Meridian Energy Limited and AIG Insurance New Zealand Limited. She is also the Deputy Chair of Counties Manukau District Health Board, a member of the Capital Investment Committee of the National Health Board, a Councillor of the University of Auckland, President and a member of Yachting New Zealand, a member of the Council and Chair of the Audit Committee of the International Sailing Federation, a member of the Disciplinary Tribunal of the New Zealand Institute of Chartered Accountants and a Trustee of the Voyager New Zealand Maritime Museum. *Former directorships of other listed companies during the past three years: None*

Name, Qualifications and Position	Age	Experience and Special Responsibilities
Chris Froggatt BA Hons, FCIPD, MAICD Independent non-executive Director	54	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*
Peter Hearl BCom, MAIM, GAICD, Member - AMA Independent non-executive Director	62	Director since 26 February 2010. Member of the Human Resources and Remuneration Committee (appointed 26 February 2010) and the Audit Committee (appointed 26 February 2010) and Chairman of the Corporate Risk Committee (appointed 25 October 2012). Member of the Nomination Committee from 25 March 2011 to 25 October 2012. Mr Hearl is an experienced senior executive with international experience and expertise in the FMCG sector. His previous roles included executive appointments with Yum Brands, the world's largest (by number of outlets) restaurant company (where he was Chief Operating and Development Officer), Pepsico and Exxon (Esso). He has also been a non-executive Director of Amrest Inc, Westport Resources Inc and KFC Japan Inc. He has a wealth of knowledge and experience in the Asia Pacific region and has also worked extensively in Europe, the USA and Australia. He is currently a Director of Treasury Wine Estates Limited (appointed February 2012) and a number of private companies and is Chairman of the US-based board of the University of New South Wales' Study Abroad – Friends and US Alumni Inc. *Former directorships of other listed companies during the past three years: None*
Clive Hooke FCPA, FAICD Independent non-executive Director	67	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(1), November 2007 to March 2011* *Tassal Group Limited, November 2010 to March 2012*

Name, Qualifications and Position	Age	Experience and Special Responsibilities
Ian Johnston BCom, CPA Independent non-executive Director	66	Director since 26 May 2008. Member of the Audit Committee (appointed 26 May 2008), the Human Resources and Remuneration Committee (appointed 26 May 2008) and the Nomination Committee (appointed 25 October 2012). Mr Johnston has over 30 years' experience with a number of leading companies in the international food and beverage industry. He initially spent 13 years with Unilever in a range of domestic and overseas marketing roles and then joined Cadbury Schweppes as Marketing and Sales Director, Australia/New Zealand. Mr Johnston was subsequently appointed Managing Director of Cadbury's UK business before becoming Managing Director, Global Confectionery of Cadbury Schweppes plc from 1996 until 2000. He then served from 2001 to 2004 as President and Chief Operating Officer of The Olayan Group, a privately-owned Saudi Arabian conglomerate. He most recently held the position of Chief Executive Officer of Foster's Group Limited(2) between September 2008 and the demerger of its wine business in May 2011. *Former directorships of other listed companies during the past three years:* *Foster's Group Limited(2), September 2007 to May 2011*

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

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

In addition to the above Directors, Mr Max Ould, the former Chairman of the Board and an independent non-executive Director, held office during the financial year until his retirement on 1 October 2012.

Name, Qualifications and Position	Experience and Special Responsibilities
Max Ould BEc Chairman and independent non-executive Director (Executive Chairman between 30 April 2011 and 4 July 2011)	Director from 14 November 2005 to 1 October 2012 and Chairman from 31 August 2006 to 1 October 2012. Executive Chairman between 30 April 2011 and 4 July 2011. Member of the Remuneration Committee from 14 November 2005 until 24 March 2010 and Chairman of the Nomination Committee from 14 November 2005 to 1 October 2012. Mr Ould was also the Chairman of Treasury Wine Estates Limited from May 2011 to September 2012, a Director of AGL Energy Limited between February 2006 and October 2012 and a Director of Foster's Group Limited between February 2004 and May 2011. 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:* *Foster's Group Limited, February 2004 to May 2011* *AGL Energy Limited, February 2006 to October 2012* *Treasury Wine Estates Limited, May 2011 to September 2012*

Company Secretary

Mr Jonathon West LLB (Hons), BSc, MAICD 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.

Directors' Meetings

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

	Board of Directors		Audit Committee[b]		Corporate Risk Committee[c]		Human Resources and Remuneration Committee[d]		Nomination Committee[e]	
Scheduled	**15**		**4**		**3**		**4**		**1**	
Unscheduled	**2**		**2**		**-**		**1**		**-**	
Name	**Held[a]**	**Attended**	**Held[a]**	**Attended**	**Held[a]**	**Attended**	**Held[a]**	**Attended**	**Held[a]**	**Attended**
M G Ould	6	6	-	-	-	-	-	-	1	1
C R Delaney	17	17	-	-	-	-	-	-	-	-
J A Dawson	11	11	2	2	3	3	-	-	-	-
C J Froggatt	17	16	-	-	3	3	5	5	1	1
S Gregg	17	17	3	3	1	1	-	-	-	-
P R Hearl	17	17	6	6	2	2	5	5	1	1
C A Hooke	17	16	6	5	3	3	-	-	-	-
I D Johnston	17	17	6	6	-	-	5	5	-	-

(a) Reflects the number of meetings held while the Director was a member of the Board or Committee. Mr Ould retired as a Director of the Company effective 1 October 2012. Ms Dawson was appointed a Director of the Company and a member of the Corporate Risk Committee effective 1 October 2012 and appointed a member of the Audit Committee effective 1 January 2013. Mr Gregg became Chairman of the Board and Chairman of the Nomination Committee effective 1 October 2012 and resigned as Chairman of the Corporate Risk Committee and a member of the Audit Committee effective 25 October 2012. Mr Hearl was appointed Chairman of the Corporate Risk Committee and resigned as a member of the Nomination Committee and Mr Johnston was appointed a member of the Nomination Committee effective 25 October 2012.

(b) Mr Ould and Ms Dawson attended one meeting, Mr Gregg attended three meetings and Ms Froggatt attended five meetings at the invitation of the Audit Committee. Mr Delaney attended six meetings at the request of the Committee.

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

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

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

State of Affairs

On 1 October 2012, Mr Max Ould retired as Chairman of the Board and a Director of the Company and Mr Steve Gregg became Chairman of the Board. Ms Jan Dawson was also appointed a Director of the Company effective 1 October 2012.

Mr Aaron Canning, formerly Managing Director of the Group's Asia Pacific division was appointed Category Managing Director, Grocery effective 1 July 2012. Mr Peter Foyston joined the Company as Managing Director of the Asia Pacific division on 3 September 2012. Mr Andre Teixeira was appointed Chief R&D and Quality Officer, effective 1 August 2012 and Mr Rob Rogers was appointed Chief Supply Chain & Operations Officer on 10 December 2012, completing Mr Delaney's Group Executive management team.

As part of its strategic review process which commenced during the 2012 financial year, the Company identified two non-core businesses for which divestment processes were undertaken. On 2 October 2012, the Company completed the sale of its Integro commercial oils business to a consortium comprising GrainCorp and Gardner Smith for A$170 million (including settlement of trade and other receivables and payables by Goodman Fielder). In the following quarter, on 22 February 2013, the Company completed the sale of its Champion flour milling business in New Zealand to Nisshin Flour Milling Inc. and its parent, Nisshin Seifun Group Inc. for $NZ55 million. Net proceeds of sale from both divestments were used primarily to reduce debt and further strengthen the Company's financial position. The Company also successfully completed the sale of its dips business and is continuing its portfolio prioritisation activities, with a number of businesses subject to further review.

During the 2013 financial year, the Company commenced the first phase of consolidating its bakery facilities in Australia, completing the closure of three bakeries, rationalising its bakery range and implementing a number of initiatives to improve distribution efficiency.

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

Events Subsequent to Balance Date

On 6 August 2013, A$150 million and NZ$50 million was repaid on the Group's syndicated loan facility maturing November 2014. No matter or circumstance has arisen since the end of the financial year that has significantly affected, or may significantly affect, the Group's operations, the results of those operations, or its state of affairs in future financial years.

Likely Developments

Likely developments in the Group's operations in future financial years, the expected results of those operations and the Group's business strategy and prospects for future financial years are reported in the Operating and Financial Review on pages 3 to 13 in this Annual Financial Report.

Dividends

The Company did not pay a final dividend for the 2012 financial year or an interim dividend for the year ended 30 June 2013.

At the FY13 half year result, the Board indicated that its primary consideration in determining dividend policy was to ensure that the ongoing financial flexibility for the Group to pursue its strategic agenda was balanced with providing appropriate returns to shareholders.

In light of the progress made to strengthen the Group's financial position and the achievements being delivered in the strategic plan to provide a more sustainable earnings outlook for the Group, the Board has reinstated a dividend for FY13.

On 14 August 2013, the Directors of the Company resolved to pay a final dividend of three cents per ordinary share, payable on 1 November 2013 to holders of record on 27 September 2013. The dividend will be unfranked in Australia, with nil imputation for New Zealand taxation purposes. The amount represents a dividend payout ratio of 68 per cent of normalised net profit after tax, within the range of 50-80 per cent as previously indicated to the market.

The Directors have determined that the Company's dividend reinvestment plan (DRP) will not operate in respect of the November 2013 final dividend.

Options Over Unissued Shares or Interests

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

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

Directors' Interests

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

Name	Ordinary Shares
S Gregg	20,100
C R Delaney	200,100(1)
J A Dawson	10,000
C J Froggatt	24,554
P R Hearl	199,396
C A Hooke	284,751
I D Johnston	193,044

(1) *Mr Delaney has entitlements to 4,755,455 shares (6,633,182 shares on achievement of "stretch" targets) under sign-on/long-term incentive arrangements approved by shareholders at the Company's 2011 and 2012 Annual General Meetings.*

Transactions between companies within the Group and Director-related entities are set out in note 36 to the financial statements on page 103 of this Annual Financial Report.

Officers

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

Remuneration of Directors and Senior Executives

A Remuneration Report is set out in this Directors' Report on pages 22 to 45.

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 submitted 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) and associated legislation.

Environmental Performance

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

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

Workplace Health and Safety Undertaking

During the 2013 financial year, Quality Bakers Australia Pty Limited (QBA), a wholly-owned subsidiary of the Company, made an undertaking to the Chief Executive of the Queensland Department of Justice and Attorney-General in connection with a workplace injury to a labour hire employee which occurred at the Group's Townsville bakery in February 2010.
The undertaking sets out corrective actions taken by QBA following the incident and requires QBA to comply with the terms of the undertaking until all obligations have been completed. The terms of the undertaking include requirements for the upgrade of certain site facilities, activities to enhance safety awareness in the community and the completion, at 12 month intervals, of three third-party audits of the safety management system implemented by the site.

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

Progressing the Group's strategic plan

Goodman Fielder has delivered an improved NPAT result from continuing operations for FY2013 in difficult trading conditions, a solid performance in what has again been a challenging year. While just one year into the Group's three-year strategic plan, the Board is pleased with the progress that has been made against key initiatives in Goodman Fielder's transformation strategy. During the past year, management has considerably strengthened the Group's financial position, providing the foundation for renewed investment in the Company's brands, its plant and its people, and giving the Board confidence to resume the payment of dividends to shareholders.

With the appointment during the first half of FY2013 of a new Managing Director for the Group's Asia Pacific division, a Chief Supply Chain and Operations Officer, and a Chief R&D and Quality Officer, Chris Delaney has filled the three remaining positions on his senior executive team (the 'Group Executive') with high-calibre executives who have the capabilities to lead the organisation in areas critical to the Group's future success.

Although there is still significant work to be done to achieve the goals of the Group's turnaround strategy, management has delivered against a number of important milestones in the 2013 financial year, creating a strong platform to enable further progress to be made in FY2014. Good progress has been made against each of the six strategic objectives which form the basis of the Group's strategic plan. As well, initiatives to drive a comprehensive and consistent approach across the Group to safety, quality, innovation, talent and leadership development are transforming the organisational culture and enhancing capability in all areas of the business.

Remuneration strategy – Supporting the Group's transformation

The Committee and Board continue to take a conservative approach to executive remuneration, but are mindful of the need to ensure retention and reward of the talented senior leaders who will drive fulfilment of the Group's strategic plan and improved returns to shareholders. As indicated in the 2012 Remuneration Report, the FY2013 target opportunity for executives other than the CEO and CFO under the long-term incentive plan was increased from 20% to 40%, to bring the opportunity closer to market median, encourage retention, and increase alignment with longer-term shareholder interests. Recognising the importance of driving change in all areas of the business in the first year of the Group's turnaround strategy, a one-off short-term incentive was offered to the CEO for the achievement of key strategic initiatives for the 2013 financial year. Salary benchmarking conducted by Mercer in 2012 indicated the CEO's fixed remuneration was below market median and the Board approved a 4% salary increase for FY2013 for the CEO. There were no FY2013 salary adjustments for other members of the Group Executive.

Steps were taken by the Board in FY2012 to simplify incentive arrangements and to better align performance measures to the Group's primary focus on restoring financial performance and shareholder returns. Having implemented these improvements, no significant changes were considered necessary to executive remuneration structure for the 2013 financial year, with performance measures and targets remaining largely consistent with the prior year.

Following discussions with investors, proxy advisors and the Board's new remuneration advisor, Ernst & Young, in February 2013 the Board approved a change in comparator group for the purposes of measuring relative TSR performance under the FY2014 long-term incentive plan offer, with the new comparator group to comprise S&P/ASX200 market constituents (excluding metals/mining and financial companies).

Goodman Fielder provided a trading update late in June and the Group delivered a normalised EBIT result from continuing and discontinued operations (before significant items) at the top end of the guidance given. While the Group NPAT result fell just short of the target set by the Board at the beginning of the financial year, the New Zealand business achieved its stretch EBIT target and the Group's safety performance improved by 17% from the prior year. Having regard to the significant efforts of management and the successful implementation of key initiatives which will enable further advances in FY2014, the Board approved the payment of a partial award under the short-term incentive plan for the 2013 financial year. The discretionary award recognises the progress made in driving transformation of the business during this critical turnaround period.

Organisational Capability and Engagement

In addition to its remuneration-related responsibilities, during the year the Committee continued to monitor and support management's initiatives to foster diversity, engagement, talent improvement and succession planning, with a particular focus on enhancing organisational capability in areas of strategic importance to the Group.

Goodman Fielder's transformation is still in its early stages but management remains firmly focused on implementing the initiatives necessary under its strategic plan to optimise shareholder value over the medium to longer term. We believe that the Group's remuneration strategy and human capital initiatives support the delivery of this strategic plan and the reward and retention of the executives who are instrumental to achieving these goals.

Chris Froggatt
Chairman
Human Resources and Remuneration Committee

2013 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 2013 Annual General Meeting.

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

Details of the key management personnel (KMP) of the Group during the 2013 financial year are set out below:

Non-executive Directors	Executive Director	
S Gregg (Chairman) (1)	C R Delaney	Managing Director and Chief Executive Officer (CEO)
J A Dawson(2)	**Executives(3)**	
C J Froggatt	P D Foyston(4)	Managing Director, Asia Pacific division
P R Hearl	S M Gannon	Chief Financial Officer (CFO)
C A Hooke	A R Hipperson	Managing Director, Goodman Fielder Australia
I D Johnston	P R Reidie	Managing Director, Goodman Fielder New Zealand
Former KMP		
M G Ould (Chairman) (1)	S K Roberts(5)	Managing Director, Integro Foods

(1) Effective 1 October 2012, Mr Ould retired as Chairman of the Board and a Director of the Company and Mr Gregg was elected Chairman of the Board of Directors of the Company.

(2) Ms Dawson was appointed a non-executive Director of the Company, effective 1 October 2012.

(3) Following implementation of the "Project One" organisational restructure effective 1 May 2012 and having considered the roles and responsibilities of members of the Group Executive, it was determined that only the listed executives were considered KMP for the year ended 30 June 2013.

(4) Mr Foyston was appointed Managing Director of the Group's Asia Pacific division, effective 3 September 2012.

(5) Following the sale of the Group's Integro fats and oils business, Mr Roberts ceased employment with the Group, effective 13 October 2012. Mr Roberts subsequently provided services to the Group's Supply Chain and Operations function as an independent contractor for the remainder of FY2013.

2. Remuneration Governance

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

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

Human Resources and Remuneration Committee

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

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

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

- the Group's executive remuneration policy;

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

The Committee comprises 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 advisors.

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

Mercer Australia Pty Limited (Mercer) was appointed as independent remuneration advisor to the Committee and Board in May 2011 and continued to serve in this role until November 2012. No remuneration recommendations were provided by Mercer during the 2013 financial year.

As previously disclosed in the Company's 2012 Remuneration Report, advice on the following matters was provided directly to the Committee by Mercer during the year ended 30 June 2012 in connection with the 2013 financial year:

Date	Year Applicable	Advice/Recommendations Provided	Fees Paid
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 and recommended changes to CEO 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 2013 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 benefits reviews	$5,000
Pension fund administration costs for New Zealand employees and former employees	NZ$51,714

Ernst & Young was appointed as independent remuneration advisor to the Committee and Board in November 2012 and provided remuneration benchmarking data for the CEO, members of the Group Executive and non-executive Directors as well as information on other matters regarding the Group's remuneration framework and incentive programs and general data regarding market practice. No remuneration recommendations were provided by Ernst & Young during or in connection with the 2013 financial year.

The terms of Mercer's engagement provided 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 was strictly limited to providing Mercer access to necessary data and information, responding to questions and providing feedback on expectations once draft findings were submitted to the Chairman for consideration. Procedures were in place to regulate access to Mercer by management and these arrangements assisted in ensuring that recommendations made by Mercer were free from undue influence by executives to whom those recommendations may have related.

Under the arrangements agreed by the Committee with Ernst & Young, Ernst & Young is able to provide a list of pre-approved services to management, including provision of remuneration-related market data, practice information, advice on incentive plan design and alternatives for consideration. As remuneration recommendations cannot be provided to management, where Ernst & Young considers a request to involve a remuneration recommendation, management will be advised and agreement reached with the Committee Chairman on the scope of the work, the recipient of the recommendation and consultation requirements before proceeding.

In relation to the provision of advice and services by Mercer and Ernst & Young, the Board is satisfied that the combination of:

a) the contractual arrangements between the parties;
b) the procedures adopted by the advisors and the Committee in relation to requests for and provision of advice and recommendations; and
c) limits placed on access/contact between the advisors and Goodman Fielder management,

was sufficient and appropriate to ensure that remuneration recommendations made by Mercer were free from undue management influence and that these arrangements are sufficient and appropriate to ensure any future remuneration recommendations which may be made by Ernst & Young will also be 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. Consistent with prior years, total remuneration for non-executive Directors remained targeted between the market median and 75th percentile. Prior to Mr Ould's retirement, annual fees for the Chairman of the Board represented a multiple of approximately 2.75 times the base Board fee. The annualised fees for the 2013 financial year for the Company's new Chairman, Mr Gregg, represent a multiple of approximately 2.4 times the base Board fee.
Independent advice on non-executive Director remuneration was provided by Mercer in June 2012 for the year ended 30 June 2013. At that time, Mercer recommended an 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.

While the Board considered Mercer's recommendation regarding an increase in fees for non-executive Directors, it chose not to approve any increase in Board or committee fees for the year ended 30 June 2013.

At a meeting of the Board held in June 2013, the Board also determined not to approve any increase in Board or committee fees for the 2014 financial year.

Non-executive Directors' Fee Pool

The current aggregate limit remains at $1,500,000 per annum, which was approved 8 years ago by shareholders at the Company's Annual General Meeting in 2005.

Total Board and Committee fees paid to non-executive Directors for the year ended 30 June 2013 were $1,195,841, representing approximately 80% 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.

There are no unvested options or other share-based entitlements held by any non-executive Director and no pensions or other termination benefits are payable to any non-executive Director on ceasing to be a member of the Board. No options over unissued shares in the Company were granted to any non-executive Director or other share-based payments made as part of their remuneration during or in connection with the 2013 financial year.

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

	Chairman $		Member $	
	2012/13 Fees	**2011/12 Fees**	**2012/13 Fees**	**2011/12 Fees**
Board[(1)]	376,700/330,000[(2)]	376,700[(2)]	137,000	137,000
Audit Committee	30,800	30,800	14,400	14,400
Corporate Risk Committee	21,600	21,600	12,900	12,900
Human Resources and Remuneration Committee	20,500	20,500	11,300	11,300

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

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

The remuneration of the Company's non-executive Directors for the year ended 30 June 2013 is set out below:

	2013 $			2012 $		
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)]	**90,058**	**4,117**	**94,175**	360,925	15,775	376,700
S Gregg (Chairman)[(2)(3)]	**274,826**	**15,924**	**290,750**	158,716	14,284	173,000
J A Dawson[(4)]	**109,748**	**9,877**	**119,625**	N/A	N/A	N/A
C J Froggatt	**119,252**	**51,148**	**170,400**	119,252	51,148	170,400
P R Hearl[(3)]	**162,836**	**14,655**	**177,491**	149,266	13,434	162,700
C A Hooke	**165,780**	**14,920**	**180,700**	165,780	14,920	180,700
I D Johnston	**139,654**	**23,046**	**162,700**	111,031	51,669	162,700
Total	**1,062,154**	**133,687**	**1,195,841**	1,064,970	161,230	1,226,200

(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) Fees for Mr Ould and Mr Gregg reflect Mr Ould's retirement and Mr Gregg's election by the other Directors as Chairman of the Board effective 1 October 2012.

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

(4) Ms Dawson was appointed a Director of the Company and a Member of the Corporate Risk Committee effective 1 October 2012. She was also appointed a Member of the Audit Committee on 1 January 2013.

4. Executive Director and Executive Remuneration

Remuneration Strategy

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

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

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

Vision & Goals

To be the leading and most innovative local food company

SHAREHOLDER	ORGANISATION	IMPERATIVES
Restore acceptable shareholder returns	Actively engaged employees	Safety, Quality, Innovation, Customer Service

Remuneration Strategy

Remuneration Principles

MARKET COMPETITIVE	PERFORMANCE ORIENTED	SHAREHOLDER ALIGNED	BALANCED
Competitive rewards to attract, motivate and retain high-calibre Directors, executives and employees	Remuneration arrangements commensurate with business performance	Executive rewards aligned with the creation of value for shareholders	Appropriate balance between fixed and "at risk" remuneration

Focus Areas

Remuneration Components

FIXED ANNUAL REMUNERATION (FAR)	SHORT-TERM INCENTIVE (STI)	LONG TERM INCENTIVE (LTI)
• Base level of reward benchmarked to comparable roles in companies of similar size/complexity • Flexibility to recognise individual performance, qualifications and experience	• Cash payment awarded on achievement of Group and division earnings and safety targets • At Board's discretion, one quarter of award deferred for one year and received as Company shares	• Shares awarded under Equity Incentive Plan to align executive rewards with shareholder interests (or, in respect of Mr Foyston, a cash incentive award) • Tested at end of three-year performance period • Internal (ROCE) and external (relative TSR) measures

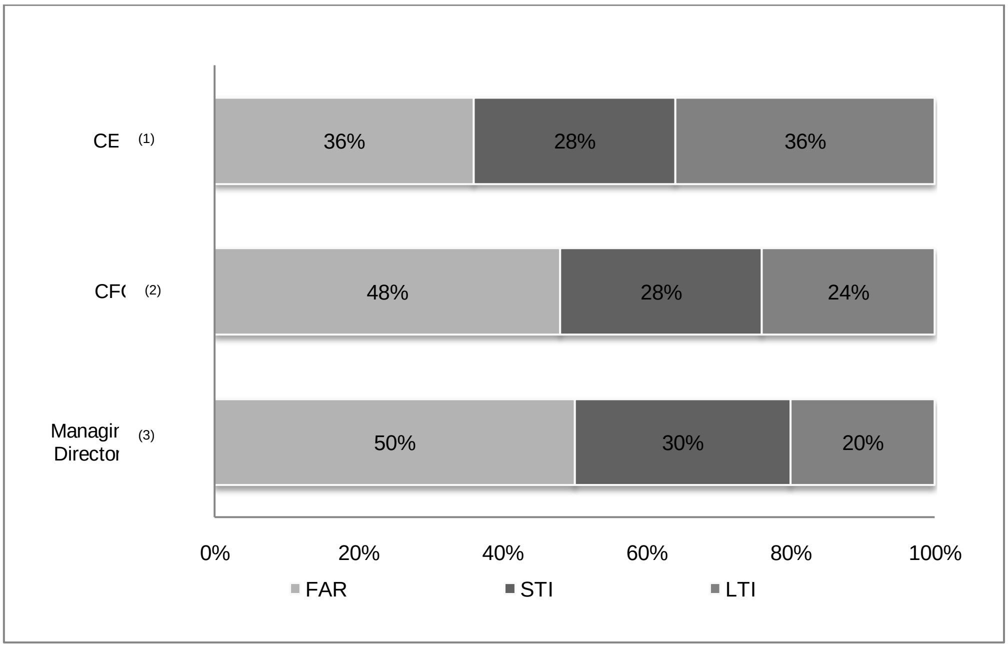
Objective and Structure

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

Element	**Components**	**Key attributes**
Fixed Remuneration +	Fixed Annual Remuneration ***(FAR)***	• base level of remuneration which is both appropriate to the position and is competitive in the market • targeted at market median using benchmarking data • flexibility to recognise individual performance, qualifications and experience, capability and value to the organisation • remunerates executives for completion of requirements and objectives of their roles
Performance-linked Remuneration	Short Term Incentive ***(STI)***	• designed to reward achievement of annual financial and non-financial objectives (measured at a Group or Category/Market level) and drive desired behaviours which are consistent with and provide a foundation for the Group's long term strategy • targeted at or above market median with potential to achieve top quartile for stretch performance against financial targets linked to annual budgets for Group and Categories/Markets • delivered in cash or, at the Board's discretion, cash and Company shares to further align executive rewards to longer-term shareholder interests
	Long Term Incentive ***(LTI)***	• designed to align longer-term executive and shareholder interests, provide a retention incentive and reward executives for achieving improvements in the main performance drivers of the business, which underpin sustainable growth in shareholder value over time • generally an annual grant of rights to be allocated shares in the Company, subject to achievement of relevant performance and service conditions • F2013 offer targeted between market median and 75th percentile
Total Remuneration Opportunity		• targeted between market median and 75th percentile for senior executive roles • structured to attract and retain executives, with incentive rewards intended to reflect Group performance and share price over an extended period

The mix of fixed and performance-based remuneration as a percentage of each senior executive's total remuneration opportunity at target performance (excluding one-time incentives and allowances detailed on pages 37 and 38) is set out in the table below:

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



(1) Mr Delaney's total remuneration opportunity includes certain one-time incentives and allowances which are not reflected in the above table (refer to pages 37 and 38).

(2) Mr Gannon's total remuneration opportunity excludes a long-term incentive grant made in August 2012 in relation to the 2012 financial year (as disclosed on page 50 of the Company's 2012 Annual Report).

(3) Mr Foyston commenced employment with the Group as Managing Director, Asia Pacific division on 3 September 2012. The above table represents the total remuneration opportunity of Market Managing Directors as if they had been employed by the Group for the full 2013 financial year, but excludes any sign-on incentives or special/compensatory allowances paid or payable to these senior executives (refer to page 38).

The above proportions are based upon each executive's total remuneration opportunity as approved by the Board for the year ended 30 June 2013 and do not necessarily reflect the actual remuneration received by that executive for the 2013 financial year. Payments to senior executives under the STI plan and vestings under the LTI plan may be adjusted at the discretion of the Board, provided there is no reduction in the accrued benefits or accrued entitlements of plan participants.

Fixed Annual Remuneration (FAR)

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

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

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

Mercer provided advice and benchmarking data to the Committee in connection with the Committee's review of FAR for members of the Group Executive in June 2012. Other than for the CEO, no adjustment to FAR was approved for the Group Executive for the year ended 30 June 2013. Mercer's June 2012 review of CEO remuneration indicated that the CEO's FAR was below market median, and Mercer's survey data indicated that a further median increase of 4% to executive fixed remuneration was anticipated for the 2013 financial year. Having regard to the recommendations of Mercer and the Committee, the Board approved a 4% increase to the CEO's FAR for the 2013 financial year.

Short Term Incentive (STI)

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

STI Plan	
What is the STI Plan?	Under the STI Plan, an "at risk" incentive is awarded annually, 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 Market, Category and Group's business and strategic objectives.
What is the potential value of the STI opportunity?	Each executive's potential STI opportunity is determined as a percentage of FAR. A 'stretch' opportunity is available where financial performance exceeds the target approved by the Board. Target and maximum stretch opportunities under the FY2013 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 FY2013 performance measures?

The financial performance measures approved by the Board for the FY2013 STI Plan were:

- Group net profit after tax ('**NPAT**') and
- Market/Category earnings before interest and tax ('**EBIT**').

For incentive plan purposes, targets for both performance measures exclude significant items (eg. restructure costs, asset sales or write-downs or impairment charges) as determined by the Board.

The risk performance measure selected for all executives was an agreed reduction in the Significant Injury Frequency Rate ('**SIFR**') of employees, with Market executives assessed on a Market safety target and Group and Category executives against a Group target.

The weighting between different measures for KMP is set out below:

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

The targets set at the beginning of the 2013 financial year for each financial measure required performance at or above the 2013 budget/business plan that was approved by the Board in July 2012.

<u>Thresholds</u>: A 98% achievement threshold applied to the Group NPAT and Market/Category EBIT measures, although the Board retains discretion to make an incentive award under the plan where financial thresholds are not met. Between threshold and target NPAT and EBIT performance, incentive payments may be made to a maximum of 50% of each of the performance measures.

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

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

Why were the performance measures selected?

The performance measures for FY2013 are consistent with those introduced in the prior year, to maintain management focus on the Company's immediate financial and risk management priorities under its strategic plan. The STI award structure was simplified in FY2012, with an increased focus on Group NPAT to more closely link executive rewards to the financial performance of the Group as a whole. Market/Category EBIT remains a key measure to motivate and reward Market and Category executives where the financial performance of the business they lead meets or exceeds challenging earnings targets. The performance measures are adjusted so that significant items (abnormal or unanticipated factors such as restructure costs, sales of businesses or impairment charges) that were not included in the annual budgets for the Market/Category and Group and that have impacted the Group's performance during the year, as determined by the Board, are excluded.

NPAT/EBIT: Both measures were identified as key financial objectives for the success of the business in 2013 and the achievement of satisfactory returns for the Company's shareholders. As the businesses must deliver bottom-line growth in order to achieve sustainable increases in Group earnings that are consistent with shareholder expectations, Market/Category EBIT and Group NPAT continue to be considered appropriate financial performance criteria for the STI plan.

SIFR: The safety of its people is one of the Group's core values and achievement of ongoing improvements in safety remains a key focus of the Board and management. Consistent with this priority, a reduction in injuries (measured through Group and Market SIFR targets) was the only non-financial performance measure selected for the FY2013 STI plan.

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

Long Term Incentive (LTI) – Share-based Payments

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

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

LTI Plan	
What is the potential value of the opportunity under the EIP?	Each executive's potential opportunity under the EIP is determined as a percentage of FAR. A 'stretch' opportunity is available where performance exceeds the targets approved by the Board. Target and stretch opportunities under the F2013 EIP for senior executive roles are set out below:

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

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

Relevant % x $FAR	÷	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?

F2013 offer (Performance Period 1 July 2012 – 30 June 2015):

Consistent with the prior year, the financial performance measures approved by the Board for the F2013 EIP 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, including the CEO, the ROCE and TSR measures are equally weighted.

The following performance targets apply to the ROCE and TSR components of the F2013 offer:

ROCE	12%	13%	14%	15%
Percentage of ROCE component earned	50%	75%	100%	150% (CEO) 125% (Other)

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

LTI Plan

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

Prior year offers under the EIP:

Prior to the F2012 offer, EIP offers 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 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 performance targets set out below apply to prior year offers to executives under the EIP:

F2011 Offer(EPS and ROCE):

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.

F2012 Offer(ROCE and relative TSR):

F2012 Offer – Performance Period: 1 July 2011 to 30 June 2014(1)				
ROCE	12%	13%	14%	15%
Incentive entitlement	50%	75%	100%	125%(1)

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

The TSR performance targets which applied 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%
Greater than 75th percentile	150%	125%

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.

Commencing with the F2012 offer, relative TSR (a market-based performance measure) replaced EPS, both 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.

Relative TSR: At the end of the performance period, Goodman Fielder's TSR performance is measured against the performance of a comparator group of 18 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

LTI Plan	
	companies at the time of the F2013 offer: *Billabong International Limited, Coca-Cola Amatil Limited, Computershare Limited, CSL Limited, Crown Limited, David Jones Limited, Fairfax Media Limited, Flight Centre Limited, GrainCorp Limited, Harvey Norman Holdings Limited, JB Hi-Fi Limited, Myer Holdings Limited, Pacific Brands Limited, Ramsay Health Care Limited, Sigma Pharmaceuticals Limited, Sonic Healthcare Limited, Tabcorp Holdings Limited* and *Tatts Group Limited* [(1)]. (1) Foster's Group Limited and Telecom Corporation of New Zealand Limited were included in the comparator group for the F2012 offer but excluded from the comparator group for the F2013 offer following either acquisition by another entity or a restructure/demerger of the company into two separate entities 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. Once it has been determined whether, and the extent to which, the performance targets set at the beginning of the performance period have been met, the Committee will make a recommendation to the Board for approval of the LTI awards to be paid to EIP participants. In general, in order for shares to be allocated under the EIP, at least one of the performance targets must be met to a minimum level.The Board retains discretion to award incentives under the EIP, having consideration to performance and other relevant factors, even though one or all criteria are not achieved. The Board has not previously exercised this discretion.
When are incentives paid?	Entitlement to shares under the EIP is also subject to senior executives remaining employed by the Group at the date the shares are allocated, which will occur following release of the Group's full year results after completion of the relevant three-year performance period.
Does a 'clawback' apply?	The F2013 offer includes provisions for unvested rights to lapse and rights or interests in shares allocated or to be allocated under the EIP to be forfeited, at the Board's discretion, if the Group's financial statements in respect of a financial year are found to be materially misleading. The provision applies only to those executives who were members of the Group Executive at the time the financial statements were approved by the Board and issued by the Company.

In February 2013, following discussions with investors, proxy advisors and its new remuneration advisor, Ernst & Young, the Board approved a change in comparator group for the F2014 offer. The comparator group for the performance period commencing 1 July 2014 for the purposes of measuring relative TSR performance will comprise S&P/ASX200 market constituents, excluding companies within the Global Industry Classification Standard (GICS) Financials sector and Metals and Mining industry.

Summary of Executive Entitlements under EIP Offers

Details of entitlements to acquire shares in the Company under the EIP 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 EIP	Entitlement to ordinary shares under EIP - number of shares(1)	Effective grant date(2)	Performance period ends	% of total opportunity: % Earned in year	% of total opportunity: % Forfeited in year	Expense/(credit) recognised at 30 June 2013 $(3)(4)	Financial year in which shares will be allocated
EPS/ROCE Component – Current KMP – Executive Directors and Executives							
C R Delaney	1,252,727	7 December 2012	30 June 2015	-	-	-	2015/16
S M Gannon(5)	363,636	7 December 2012	30 June 2015	-	-	-	2015/16
	188,679(5)	22 August 2012(5)	30 June 2014	-	-	(12,317)	2014/15
A R Hipperson	269,091	7 December 2012	30 June 2015	-	-	-	2015/16
	62,854	13 December 2011	30 June 2014	-	-	(6,053)	2014/15
	82,821	15 December 2010	30 June 2013	-	100%	-	2013/14
P R Reidie	263,971	7 December 2012	30 June 2015	-	-	-	2015/16
	67,751	13 December 2011	30 June 2014	-	-	(6,524)	2014/15
	91,846	15 December 2010	30 June 2013	-	100%	-	2013/14
TSR Component – Current KMP - Executive Directors and Executives							
C R Delaney	1,252,728	7 December 2012	30 June 2015	-	-	217,139	2015/16
	1,250,000	13 December 2011	30 June 2014	-	-	62,500	2014/15
S M Gannon	363,637	7 December 2012	30 June 2015	-	-	63,030	2015/16
	188,679(5)	22 August 2012(5)	30 June 2014	-	-	9,434	2014/15
A R Hipperson	269,091	7 December 2012	30 June 2015	-	-	46,642	2015/16
	62,854	13 December 2011	30 June 2014	-	-	3,143	2014/15
P R Reidie	263,971	7 December 2012	30 June 2015	-	-	45,755	2015/16
	67,751	13 December 2011	30 June 2014	-	-	3,388	2014/15
Former KMP – Executives							
S K Roberts(6)	56,423 (TSR)	13 December 2011	30 June 2014	-	100%	(1,567)	2014/15
	56,423(ROCE)	13 December 2011	30 June 2014	-	100%	(5,433)	2014/15
	86,765 (EPS/ROCE)	15 December 2010	30 June 2013	-	100%	-	2013/14

(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 $1.37 at 15 December 2010, $0.52 at 13 December 2011 and $0.665 at 7 December 2012.

(3) In general, the performance criteria must be achieved before any shares are allocated under the EIP, as outlined above. Therefore the minimum potential value of the entitlements under the EIP is nil. The maximum value of the entitlements under the EIP is the individual's entitlement at stretch performance (being the entitlement multiplied by 125% for executives other than the CEO and by 150% for the CEO) multiplied by the estimated fair value of the award at the effective grant date. The estimated fair value of the 2011, 2012 and 2013 share entitlements for executives which related to the achievement of ROCE and/or EPS performance criteria was $1.37 per share, $0.52 per share and $0.665 per share, respectively. The credits recognised in respect of the F2012 offer 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 2011, 29 June 2012 and 28 June 2013 was $1.06 per share, $0.55 per share and $0.735 per share, respectively.

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

(5) Grants under the EIP 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 EIP offer had not been finally agreed. The Company granted Mr Gannon rights to 377,358 shares under the EIP on 22 August 2012.

(6) As Mr Roberts ceased employment with the Group on 13 October 2012, all of his entitlements to shares under the EIP were forfeited at that time. Accordingly, amounts expensed in prior years in relation to his entitlements under the EIP have been reversed in accordance with accounting standards.

Executive Entitlements under other Long-term Incentive arrangements

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

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

Entitlements under Long-term incentive arrangements	Notional number of shares(1)	Effective grant date(2)	Performance period ends	% of total opportunity		Expense recognised at 30 June 2013 $(3)(4)	Financial year in which incentive will be paid
				% Earned in year	% Forfeited in year		
Notional ROCE component	200,000	7 December 2012	30 June 2015	-	-	-	2015/16
Notional TSR component	200,000	7 December 2012	30 June 2015	-	-	49,000	2015/16

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

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

(3) In general, the performance criteria must be achieved before any cash incentive is paid to Mr Foyston. Therefore the minimum potential value of his entitlements is nil and the maximum value is his entitlement at stretch performance (being the entitlement multiplied by 125%) multiplied by the estimated fair value of the award at the end of the performance period. The estimated fair value at grant date of Mr Foyston's entitlements which relate to the achievement of the ROCE performance criterion was $0.665 per his notional number of shares. The closing share price for the Company's ordinary shares on the ASX at 28 June 2013 was $0.735 per share, which has been utilised to determine the fair value at balance date.

(4) The estimated fair value at grant date of Mr Foyston's entitlements which related to the achievement of the relative TSR performance criterion was $0.52 per his notional number of shares. The estimated fair value is being recognised over the three-year performance period relating to the award and one-third of the total value for the F2013 offer, utilising the share price at 28 June 2013 of $0.735 per share, has been recognised in the current financial year. Mr Foyston will not be entitled to a cash payment unless the TSR performance criterion has been met at the end of the three year performance period.

Other Payments or Benefits

CEO One-time Short-term Incentive

Mindful of the need to establish a strong platform for continuation of the Group's transformation strategy, the Board approved an offer to the CEO of a one-time short-term incentive for the 2013 financial year, to a maximum of $600,000, payable in cash upon the achievement of strategic targets for the year determined by the Board.

The performance criteria identified by the Board related to specified improvements in organisational culture, capability and engagement, pricing initiatives, on-time and on-budget delivery of specified strategic plan initiatives and savings targets and FY2014 – FY2016 strategic plan development.

The Board retained discretion to determine the amount of any award to the CEO in connection with this incentive. $300,000 was awarded to the CEO in respect of achievement of targets for the 2013 financial year.

Executive Share-Based Entitlements under Sign-on Incentives

As disclosed in the Company's 2012 Remuneration Report, Mr Delaney and Mr Gannon were both granted sign-on incentives in the form of rights to shares in the Company in connection with their employment with the Group. Each performance right represents an entitlement to one fully paid ordinary share in the Company, subject to specified service and performance conditions.

Mr Delaney

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

a) 500,000 performance rights which 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 which 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.

If Mr Delaney's employment ceases prior to the end of the three year period, the performance rights subject to the continued employment condition will be forfeited but the 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.

Mr Gannon

Mr Gannon was granted 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.

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

Executive Share Entitlements under Sign-on Incentives	Entitlement to ordinary shares under sign-on incentive - number of shares(1)	Effective grant date(2)	Performance period ends	% of total opportunity		Expense recognised at 30 June 2013 $(3)	Financial year in which shares will be allocated
				% Earned in year	% Forfeited in year		
C R Delaney							
Service condition	500,000	13 December 2011	3 July 2014	-	-	86,667	2014/15
EPS growth condition	500,000	13 December 2011	3 July 2014	-	-	86,667	2014/15
S M Gannon							
Service condition	300,000	22 August 2012	30 November 2014	-	-	54,500	2014/15

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

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

(3) In general, the relevant performance or service criterion must be achieved before any shares are allocated under each executive's sign-on incentive, as outlined above. Therefore the minimum potential value of the entitlements under the sign-on incentive is nil. The maximum value of the entitlements under each executive's sign-on incentive has been based on the estimated fair value of the award at the effective grant date. The estimated fair value of the performance rights of Mr Delaney and Mr Gannon is $0.52 per share and $0.545 per share, respectively. The closing share price for the Company's ordinary shares on the ASX at 28 June 2013 was $0.735 per share.

Expatriate Allowances

On commencement of his employment with the Group in 2011, Mr Delaney was eligible for concessional tax treatment in relation to a portion of his FAR that was considered a "Living Away From Home" (LAFH) allowance. As a result of a change in taxation laws, effective 1 October 2012 concessional tax treatment no longer applied to Mr Delaney's remuneration. Following advice from Mercer regarding alternative approaches to address the impact of the lost tax benefit on expatriate employees, the Board approved the payment of a fixed expatriate allowance of $295,263 per annum to Mr Delaney for the duration of his current employment contract. The Board considered the expatriate allowance reasonable to avoid a reduction in Mr Delaney's after-tax remuneration as a result of changes in taxation of LAFH allowances. For the 2013 financial year, Mr Delaney received a total expatriate allowance of $221,447. The expatriate allowance is excluded from FAR in determining Mr Delaney's STI and LTI opportunities.

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

Other Benefits

As disclosed in the 2012 Remuneration Report, Mr Delaney is entitled to health care insurance coverage for himself and his family and taxation advisory services for the preparation of tax returns while employed by the Group. Mr Delaney's visa requires the Group to cover the costs of relocating him and his family to the United States on cessation of his employment, unless he is sponsored by another employer or is issued a different class of visa.

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

Other than above or in circumstances where an executive has elected to receive his or her remuneration by way of benefits instead of cash, no discretionary payments or benefits were given to senior executives during the financial year ended 30 June 2013.

Termination Benefits

Termination benefits paid to Mr Roberts represent 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.

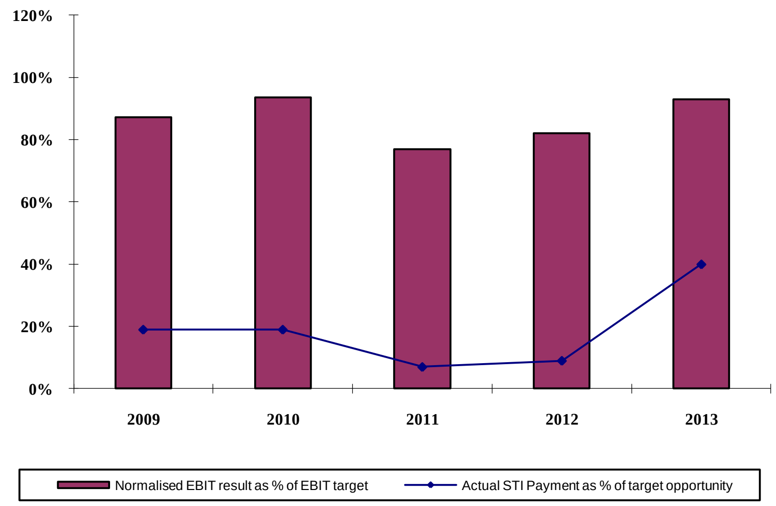
5. Group Performance

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 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.
- The normalised EBIT result for the financial year ended 30 June 2013 excludes the impact of asset sales of $13.7 million, net insurance proceeds of $16.8 million and restructuring costs of $17.4 million. Total STI payments for the Group for the 2013 financial year reflect the payment of partial incentives (up to 20% of their target incentive opportunity) to employees below the Group Executive level for achievement of individual performance goals for the year.

Payment of 2013 Short Term Incentives and Vesting of 2013 Long Term Incentives

The Group delivered an improved result for the year ended 30 June 2013, with normalised NPAT from continuing operations (excluding significant items) increasing by 5% over the prior year to $75.7 million. The result includes a 19% increase in direct marketing expenditure compared with the year ended 30 June 2012, an investment in the Group's brands as part of its core category innovation strategy. Reported NPAT from continuing operations was $83.5 million, compared to a $123.8 million loss in the prior year (which included $187.8 million in non-cash impairment charges). Despite challenging retail conditions, particularly in Australia, continuing to affect its Baking and Grocery businesses, second half earnings for both businesses improved over the first half as the Group maintained disciplined cost management and progressed the turnaround of its Australian Baking business. The Dairy business performed strongly, building on an improved earnings performance in the first half of the financial year. Earnings from the Asia Pacific division were adversely affected by a one-off capacity issue in connection with the Group's poultry business in Fiji, for which corrective measures are being implemented. While the Group did not fully achieve the NPAT target set by the Board for the 2013 financial year, the solid result in difficult trading conditions provides a strong foundation for continuation of the Group's turnaround strategy in 2014.

Payments to key management personnel for the 2013 financial year under the STI plan reflect the achievement of safety targets (which are not linked to Group financial performance) for the Group and Australia, and achievement of a stretch EBIT result for the New Zealand business. Having regard to the challenging trading environment and the substantial progress made by management during the year in implementing key strategic initiatives and driving the turnaround of the business, the Board exercised its discretion to make a partial award to executives under the short-term incentive plan. The Board considered payment of a discretionary award to be justified for the 2013 financial year to recognise the significant strengthening of the business during this critical transformation period.

2013 Short Term Incentives

Short-term incentives paid or payable to executives who are key management personnel in respect of the 2013 financial year are set out below and in the table on page 44. 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:

	2013 Short Term Incentive		
Executive Directors	**Included in remuneration[1] ($)**	**% of total target opportunity[2]**	
		% earned in year	**% forfeited in year**
C R Delaney[3]	635,888	39%	61%
Current KMP – Executives			
P D Foyston	27,500	10%	90%
S M Gannon	156,000	33%	67%
A R Hipperson	88,800	20%	80%
P R Reidie	329,667	70%	30%
Former KMP – Executives			
S K Roberts[4]	-	-%	-%

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

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

(3) The above table relates to incentives paid or payable under the Company's short-term incentive plan and also includes the one-time short-term incentive paid to Mr Delaney.

(4) Mr Roberts ceased employment with the Group on 13 October 2012. He did not participate in the 2013 short term incentive plan.

No amounts vest in future financial years in respect of the short term incentive scheme for the 2013 financial year.

2013 Long Term Incentives

No shares were awarded to executives under the F2011 Performance Share Plan offer as the Group did not achieve its ROCE and EPS performance targets at 30 June 2013, 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 during the last two financial years have been particularly difficult.

The Board is mindful of the impact of external economic factors on business performance in determining the remuneration structure and at-risk remuneration of senior executives. 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. While taking steps to retain and incentivise the senior leadership team during this key period in the Group's transformational strategy, the Board also 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. The current year incentive award includes a discretionary element which reflects the significant progress made on delivering the objectives of the strategic plan and recognises the importance of ensuring that the necessary steps are taken by management to achieve sustainable earnings growth in the medium term. No shares have been awarded to executives under the Equity Incentive 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	2009	2010	2011	2012	2013
Reported NPAT ($m)	175.7	161.1	(166.7)	(146.9)	102.5
Reported EBIT ($m)	317.5	324.0	(13.4)	(34.1)	213.3
Safety (SIFR) (per million hours worked)	34.5	26.2	19.8	21.1	17.5
Dividends per share (incl. final dividend) (cents)	10.5	10.75	7.75	Nil	3.0
Earnings per share (cents) [(1)]	12.3	10.9	(11.2)	(8.3)	5.3
ROCE (%) (normalised)[(2)]	12.2%	13.3%	13.5%	11.6%	10.3%
Closing share price on ASX (A$ at 30 June)	1.305	1.345	1.06	0.55	0.735
STI Payment as % of Target Opportunity (%)	19%	19%	7%	9%	40%
LTI Payment as % of Target Opportunity (%)	0	0	0	0	0

(1) In accordance with accounting standards, earnings per share calculations for 2009, 2010 and 2011 were adjusted retrospectively as a result of the Company's $259 million capital raising completed in November 2011.

(2) Normalised ROCE in respect of a financial year is calculated on the basis of normalised EBIT before significant items for that year, as disclosed in the notes to the graph on page 39.

6. Service Agreements

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

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

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

Managing Director, Asia Pacific

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

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

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

Executive Director and Executive Employment Contracts

The principal terms of the employment contracts of executives of the Group who are or were key management personnel during the 2013 financial year are as follows:

Key Contractual Terms	CEO	CFO and Managing Directors
Term of Contract	4 years commencing 4 July 2011	Rolling annual agreement subject to termination on notice (other than Mr Foyston, who is employed on a 2 year fixed term contract commencing 3 September 2012)
Termination		
By Goodman Fielder, with notice(1)	At any time, with 12 months notice in writing or payment of 12 months' FAR in lieu of notice	At any time, with 12 months notice in writing or payment of 12 months FAR in lieu of notice; if role is made redundant, period of notice (or payment in lieu) equivalent to 12 months' FAR (with no other notice periods/provisions to apply)
By Goodman Fielder, without notice	For cause, including serious misconduct or material or persistent breach of terms of the employment contract	For serious misconduct or serious breach of employment contract
On completion of term where contract is not renewed by Goodman Fielder	Payment of 12 months' FAR	N/A
By executive, on a change in control or other "Fundamental Change in Circumstances"	Within 6 months after a Fundamental Change in Circumstances (circumstances under which Mr Delaney remains employed by Group but ceases to hold the most senior management role or the scope of his responsibilities or authorities is materially diminished), Mr Delaney has the right to terminate his appointment on giving three months notice in writing. On the valid exercise of this right, Mr Delaney will be paid 12 months' FAR in lieu of notice	For all executives other than Mr Reidie and Mr Roberts, if the executive is offered employment on comparable terms by an acquiring company and does not accept the offer, period of notice (or payment in lieu) equivalent to 3 months' FAR (with no other notice periods or notice provisions to apply)
By executive(1)	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(2)	Subject to shareholder approval and/or the Board's discretion, as applicable: - 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 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 - 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

(1) As set out on page 42, certain additional termination provisions in Mr Foyston's contract are required by employment laws of the Peoples Republic of China.
(2) The grant of share-based incentives under Mr Delaney's short-term and long-term incentive arrangements and his initial grant of 1,000,000 share performance rights was subject to shareholder approval at the Company's 2011 and 2012 Annual General Meetings. Shareholder approval was also obtained for the payment of pro rata incentive awards and/or other benefits acquired under, or arising from, Mr Delaney's contractual arrangements with the Group in connection with any future termination of his employment or office.

7. Remuneration of executives for the financial year ended 30 June 2013

Table 1: Total remuneration for Executive Director and Senior Executives for the financial year ended 30 June 2013

			SHORT-TERM BENEFITS				POST EMPLOYMENT						
A$	**Year**	**Salary & fees**	**Short-term cash incentives (a)**	**Increase in annual leave accrual(b)**	**Expatriate allowances(c)**	**Non-monetary - allowances, relocation costs and other(c)**	**Superannuation**	**Other post-employment benefits**	**Increase in long service leave accrual(b)**	**Termination benefits**	**Share-based payment(d)**	**Total(e)**	**Proportion of remuneration performance related (%)(f)**
C R Delaney(1) *Managing Director and Chief Executive Officer*	**2013**	**1,309,497**	**635,888**	**-**	**221,447**	**130,257**	**-**	**-**	**2,318**	**-**	**452,973**	**2,752,380**	**36.4%**
	2012	1,277,681	-	45,488	-	51,370	-	100,000	160	-	235,834	1,710,533	8.7%
P D Foyston(2) *Managing Director, Asia Pacific division*	**2013**	**458,334**	**27,500**	**14,103**	**150,330**	**-**	**-**	**-**	**71**	**-**	**49,000**	**699,338**	**10.9%**
	2012	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
S M Gannon(1) *Chief Financial Officer*	**2013**	**781,128**	**156,000**	**-**	**-**	**2,402**	**16,470**	**-**	**1,121**	**-**	**114,647**	**1,071,768**	**21.1%**
	2012	522,817	-	31,003	-	-	10,517	-	57	-	43,665	608,059	2.7%
A R Hipperson(3) *Managing Director, Goodman Fielder Australia*	**2013**	**721,055**	**88,800**	**-**	**-**	**10,060**	**16,470**	**-**	**29,265**	**-**	**43,732**	**909,382**	**15.1%**
	2012	678,729	39,975	29,793	-	2,475	15,775	-	46,886	-	(9,759)	803,874	5.9%
P R Reidie(4) *Managing Director, Goodman Fielder New Zealand*	**2013**	**702,223**	**329,667**	**-**	**-**	**7,566**	**21,399**	**-**	**691**	**-**	**42,619**	**1,104,165**	**34.1%**
	2012	668,366	-	20,124	-	9,166	21,264	-	292	-	(9,857)	709,355	1.2%
Former KMP													
S K Roberts(5) *Managing Director, Integro Foods*	**2013**	**150,992**	**-**	**-**	**-**	**13,336**	**15,203**	**-**	**-**	**631,759**	**(7,000)**	**804,290**	**-%**
	2012	526,489	35,885	11,841	-	27,294	47,878	-	512	-	(11,394)	638,505	6.6%
A B Canning(6)	2012	509,667	186,300	17,816	-	2,475	15,775	-	836	-	(4,983)	727,886	26.2%
N A Kearney(6)	2012	218,575	-	18,236	-	6,676	25,266	-	-	-	-	268,753	-%
Total Remuneration for Executives	**2013**	**4,123,229**	**1,237,855**	**14,103**	**371,777**	**163,621**	**69,542**	**-**	**33,466**	**631,759**	**695,971**	**7,341,323**	**24.7%**
	2012	4,402,324	262,160	174,301	-	99,456	136,475	100,000	48,743	-	243,506	5,466,965	6.3%

(1) Comparative information for Messrs Delaney and Gannon reflects their appointments as key management personnel of the Group during the 2012 financial year. Mr Delaney was appointed Managing Director and Chief Executive Officer on 4 July 2011 and Mr Gannon was appointed Chief Financial Officer on 1 November 2011. Included in Mr Delaney's post-employment benefits for the 2012 financial year are estimated relocation costs to the United States on cessation of his contract as, under the requirements of his visa, the Group has responsibility for relocation of Mr Delaney and his family unless he is sponsored by another employer or issued a different class of visa. Sign on incentives for Mr Delaney and Mr Gannon are disclosed in share-based payments. Details of these amounts are set out on pages 37 and 38. The amounts included as remuneration may not be indicative of the benefit (if any) Mr Delaney and Mr Gannon may ultimately receive on cessation of their employment with the Group.

(2) Comparative information has not been provided for Mr Foyston as he was not a member of the key management personnel of the Group for the year ended 30 June 2012. Mr Foyston was appointed Managing Director, Asia Pacific division on 3 September 2012.

(3) Comparative information for Mr Hipperson reflects his position as Managing Director, Home Ingredients at the commencement of the 2012 financial year and his appointment as 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, all remuneration other than Mr Reidie's short-term incentive has been converted to Australian dollars at the rate of A$1.00/NZ$1.2413 (2012: A$1.00/NZ$1.28) (an average rate for the 2013 financial year). Mr Reidie's short-term incentive has been converted to Australian dollars at a 30 June 2013 rate of A$1.00/NZ$1.1811. Comparative information for Mr Reidie reflects his appointment as Managing Director, Goodman Fielder New Zealand effective 1 October 2011.

(5) Mr Roberts ceased employment with the Goodman Fielder Group on 13 October 2012, following the sale of the Integro fats and oils business, 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 2013 have been reversed in accordance with accounting standards. Mr Roberts was subsequently engaged as an independent contractor in various roles within the Group during the remainder of the 2013 financial year.

(6) For comparative purposes, the table includes the 2012 remuneration of executives who ceased to be key management personnel with the Group during the 2012 financial year, due to changes in roles and responsibilities. Mr Canning served as Managing Director, Asia Pacific division during the 2012 financial year and was appointed Managing Director, Grocery Category on 1 July 2012. Mr Foyston was appointed Managing Director of the Group's Asia Pacific division on 3 September 2012. Mr Kearney served as interim Chief Financial Officer for the Group until 1 November 2011, at which time Mr Gannon joined the Group as Chief Financial Officer and Mr Kearney was appointed Chief Strategy & Corporate Development Officer.

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

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

(c) Expatriate allowances represent payments made by the Group in respect of living expenses for Mr Delaney and Mr Foyston (refer to page 38). Other benefits represent remuneration received in non-monetary form, including car park allowances, taxation advice, car leases and other fringe benefits.

(d) No options over unissued shares in the Company were granted to any executive of the Goodman Fielder Group as part of their remuneration during the financial year and there are no unvested options held by any executive. In accordance with the requirements of the Accounting Standards, executive remuneration includes a proportion of the notional value of equity compensation granted during the year. The notional value of equity instruments which do not vest during the reporting period is determined as at the grant date and is progressively allocated over the vesting period. The amount included as remuneration is not related to or indicative of the benefit (if any) that individual executives may ultimately realise should the equity-based payments vest. The notional value of executives' entitlements to shares under the Equity Incentive Plan (formerly the Performance Share Plan) was determined in accordance with AASB 2 Share-Based Payment. The amounts recognised in prior years for executives represent one-third of the value of their entitlements under the F2012 offer in respect of the ROCE performance targets. These amounts have been reversed in the 2013 financial year based upon the current assessed probability of achievement of the performance targets. Details of the amounts recognised in 2013 for executives under the F2013 offer are set out on page 36.

(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 2013 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 2013, KPMG, the Company's auditor, performed certain other services in addition to their statutory duties.

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

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

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

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

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

A copy of the auditor's independence declaration as required under Section 307C of the *Corporations Act 2001* is set out on page 47 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	**Steve Gregg**
Managing Director and Chief Executive Officer	Chairman
14 August 2013	14 August 2013

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 2013 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 2013

Goodman Fielder Limited
Consolidated income statement
For the year ended 30 June 2013

	Notes	**2013** **$m**	2012 $m
Continuing operations			
Revenue		**2,127.6**	2,212.5
Other income	5	**34.0**	9.0
Cost of sales		**(1,342.3)**	(1,412.1)
Warehousing and distribution expenses		**(314.1)**	(316.2)
Selling and marketing expenses		**(174.2)**	(170.2)
General and administration expenses		**(140.3)**	(195.4)
Other(1)		**-**	(145.3)
Expenses, excluding finance costs		**(1,970.9)**	(2,239.2)
Net finance costs	6	**(67.2)**	(90.1)
Profit/(loss) before income tax from continuing operations		**123.5**	(107.8)
Income tax expense	7	**(32.7)**	(9.0)
Profit/(loss) for the year from continuing operations		**90.8**	(116.8)
Discontinued operations			
Profit/(loss) from discontinued operations, net of income tax(2)	8	**19.0**	(23.1)
Profit/(loss) for the year		**109.8**	(139.9)
Attributable to:			
Owners of Goodman Fielder Limited		**102.5**	(146.9)
Non-controlling interest		**7.3**	7.0
Profit/(loss) for the year		**109.8**	(139.9)
		Cents	Cents
Earnings per share for profit/(loss) attributable to the owners of Goodman Fielder Limited from continuing operations:			
Basic earnings per share	43	**4.3**	(7.0)
Diluted earnings per share	43	**4.2**	(7.0)
		Cents	Cents
Earnings per share for profit/(loss) attributable to the owners of Goodman Fielder Limited from continuing and discontinued operations:			
Basic earnings per share	43	**5.3**	(8.3)
Diluted earnings per share	43	**5.2**	(8.3)

(1) The comparatives include an impairment charge on Baking goodwill of $101.0m and Grocery goodwill and intangibles of $44.3m Refer to notes 6 and 18 for more details.

(2) Included in the prior 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	**2013** **$m**	2012 $m
Profit/(loss) for the year		**109.8**	(139.9)
Other comprehensive income/(loss), net of tax			
Items that may be reclassified subsequently to profit or loss			
Foreign currency translation differences	29	**68.8**	5.4
Effective portion of changes in the fair value of cash flow hedges	29	**5.0**	1.1
Exchange differences on non-controlling interest		**0.3**	1.9
Other comprehensive income for the year, net of tax		**74.1**	8.4
Total comprehensive income/(loss) for the year		**183.9**	(131.5)
Attributable to:			
Owners of Goodman Fielder Limited		**176.3**	(140.4)
Non-controlling interest		**7.6**	8.9
Total comprehensive income/(loss) for the year		**183.9**	(131.5)

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 30 June 2013

	Notes	**2013** *$m*	2012 *$m*
Assets			
Current assets			
Cash and cash equivalents	9	**403.1**	161.7
Trade and other receivables	10	**162.9**	227.6
Inventories	11	**128.9**	128.0
Derivative financial instruments	12	**0.1**	1.7
Current tax receivable		**9.1**	13.7
Other current assets	13	**14.6**	9.0
Assets classified as held for sale	8	**1.7**	177.1
Total current assets		**720.4**	718.8
Non-current assets			
Receivables	14	**0.8**	2.4
Investments in jointly controlled entities	15	**5.5**	4.1
Property, plant and equipment	16	**511.5**	498.1
Deferred tax assets	17	**47.1**	57.7
Intangible assets	18	**1,490.5**	1,411.6
Other non-current assets	19	**1.0**	1.1
Total non-current assets		**2,056.4**	1,975.0
Total assets		**2,776.8**	2,693.8
Liabilities			
Current liabilities			
Trade and other payables	21	**235.7**	275.2
Borrowings	22	**52.8**	51.0
Derivative financial instruments	12	**17.0**	23.7
Current tax liabilities		**16.4**	15.0
Provisions	24	**60.9**	61.6
Liabilities classified as held for sale	8	**-**	7.6
Total current liabilities		**382.8**	434.1
Non-current liabilities			
Borrowings	25	**760.8**	786.2
Deferred tax liabilities	26	**28.2**	20.5
Provisions	27	**20.5**	15.2
Derivative financial instruments	12	**32.2**	62.7
Total non-current liabilities		**841.7**	884.6
Total liabilities		**1,224.5**	1,318.7
Net assets		**1,552.3**	1,375.1
Equity			
Contributed equity	28	**2,065.0**	2,063.7
Reserves	29(a)	**(177.6)**	(252.9)
Accumulated losses	29(b)	**(339.2)**	(441.7)
Capital and reserves attributable to owners of Goodman Fielder Limited		**1,548.2**	1,369.1
Non-controlling interest		**4.1**	6.0
Total equity		**1,552.3**	1,375.1

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

		Attributable to owners of Goodman Fielder Limited and its controlled entities							
	Notes	**Contributed equity** *$m*	**Hedging reserve** *$m*	**Foreign currency translation reserve** *$m*	**Share based payment reserve** *$m*	**Accumulated losses** *$m*	**Total** *$m*	**Non-controlling interest** *$m*	**Total equity** *$m*
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)/profit for the year		-	-	-	-	(146.9)	(146.9)	7.0	(139.9)
Other comprehensive income 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 provided for or paid	30	-	-	-	-	(34.5)	(34.5)	(10.8)	(45.3)
Share based payment transactions	29	-	-	-	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**
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 year		-	-	-	-	102.5	102.5	7.3	109.8
Other comprehensive income for the year	29	-	5.0	68.8	-	-	73.8	0.3	74.1
Total comprehensive income for the year		**-**	**5.0**	**68.8**	**-**	**102.5**	**176.3**	**7.6**	**183.9**
Transactions with owners in their capacity as owners:									
Revision of estimated tax effect of transaction costs from capital raising	28	1.3	-	-	-	-	1.3	-	1.3
Dividends provided for or paid	30	-	-	-	-	-	-	(9.5)	(9.5)
Share based payment transactions	29	-	-	-	1.5	-	1.5	-	1.5
Balance at 30 June 2013		**2,065.0**	**(17.7)**	**(162.0)**	**2.1**	**(339.2)**	**1,548.2**	**4.1**	**1,552.3**

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 year ended 30 June 2013

	Notes	**2013** *$m*	2012 *$m*
Cash flows from operating activities			
Receipts from customers		**2,413.6**	2,744.6
Payments to suppliers and employees		**(2,151.2)**	(2,495.4)
Insurance proceeds		**-**	10.0
Interest received		**9.8**	1.9
Interest paid		**(79.0)**	(90.3)
Income taxes paid		**(14.5)**	(41.8)
Net cash inflow from operating activities	40	**178.7**	129.0
Cash flows from investing activities			
Payments for property, plant and equipment and intangibles		**(78.6)**	(84.8)
Proceeds from sale of property, plant and equipment		**9.1**	0.2
Proceeds from sale of business	8	**192.1**	-
Insurance proceeds		**26.3**	-
Net cash inflow/(outflow) from investing activities		**148.9**	(84.6)
Cash flows from financing activities			
Proceeds from issues of shares	28	**-**	251.5
Proceeds from borrowings		**138.0**	378.5
Repayment of borrowings		**(219.4)**	(551.2)
Finance lease payments		**(1.2)**	(1.1)
Dividends paid	30	**-**	(34.5)
Dividends paid to outside equity interests		**(9.5)**	(10.8)
Net cash (outflow)/inflow from financing activities		**(92.1)**	32.4
Net increase in cash and cash equivalents		**235.5**	76.8
Cash and cash equivalents at the beginning of the financial year		**161.7**	79.9
Effects of exchange rate changes on cash and cash equivalents		**5.9**	5.0
Cash and cash equivalents at end of year	9	**403.1**	161.7

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 2013.

(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 and corporate cash is not allocated to segments. Segment liabilities consist primarily of trade and other creditors and employee provisions. External borrowings are not allocated to segments. Segment assets and liabilities do not include derivative instruments and income taxes.

Segment result is earnings before interest and tax (EBIT) reported 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 properties	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) Prior year comparatives

Income Statement

Prior year comparatives for certain items of expenses have been reclassified to correctly reflect the income statement classifications. As a result warehousing and distribution has decreased by $19.6 million and selling and marketing has increased by $19.6 million.

(ac) 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.

(ad) 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 2013, 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 2015 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.

(ae) 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 applied 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.

1 Summary of significant accounting policies (continued)

(ae) Parent entity financial information (continued)

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

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

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

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

2 Financial risk management

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

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

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

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

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

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

The Group holds the following financial assets and liabilities:

	2013 $m	2012 $m	**2013 $m**	2012 $m
	Fair value		**Carrying value**	
Financial assets				
Cash and cash equivalents	**403.1**	161.7	**403.1**	161.7
Trade and other receivables	**163.7**	230.0	**163.7**	230.0
Derivative financial instruments	**0.1**	1.7	**0.1**	1.7
	566.9	393.4	**566.9**	393.4
Financial liabilities				
Trade and other payables	**235.6**	275.2	**235.6**	275.2
Borrowings	**830.0**	841.3	**813.6**	837.2
Derivative financial instruments	**49.2**	86.4	**49.2**	86.4
	1,114.8	1,202.9	**1,098.4**	1,198.8

2 Financial risk management (continued)

(a) Credit risk

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

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

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

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

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

2 Financial risk management (continued)

2012

	1 year or less	Between 1 to 5 years	Over 5 years	Total contractual cash flows	Carrying Amount (assets)/ liabilities
	$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 derivatives	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

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 $28.6 million loss has been recognised in the income statement on the translation of the US Dollar denominated debt at 30 June 2013 (2012: loss of $18.9 million) offset by a $28.6 million gain (2012: gain of $18.9 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 $nil (2012: loss of $4.0m) 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:

	2013	2012
	$	$
Central Pacific Franc (XPF)	**84.3898**	96.0500
Fiji Dollar (FJD)	**1.7313**	1.8175
New Zealand Dollar (NZD)	**1.1181**	1.2735
Papua New Guinea Kina (PGK)	**2.0416**	2.0408
United States Dollar (USD)	**0.9138**	1.0010

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):

2013	**NZD $m**	**USD $m**	**PGK $m**	**FJD $m**	**XPF $m**	**Other[(1)] $m**
Cash and cash equivalents	**95.0**	**0.1**	**13.7**	**1.6**	**-**	**12.3**
Trade and other receivables	**34.4**	**-**	**11.6**	**10.3**	**3.0**	**6.7**
Trade and other payables	**(67.9)**	**-**	**(5.7)**	**(5.8)**	**(1.9)**	**(9.6)**
Borrowings	**(338.7)**	**(442.0)**	**-**	**-**	**(0.5)**	**(0.7)**
Cross currency interest rate derivative	**-**	**442.0**	**-**	**-**	**-**	**-**
Forward exchange contracts						
- buy foreign currency	**0.5**	**-**	**-**	**-**	**-**	**0.3**
- sell foreign currency	**(6.2)**	**(3.3)**	**-**	**-**	**(1.3)**	**(0.7)**
Net exposure	**(282.9)**	**(3.2)**	**19.6**	**6.1**	**(0.7)**	**8.3**

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

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

(ii) Commodity price risk

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

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

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

(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 2013 (2012: 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 2013		30 June 2012	
	Weighted average interest rate %	**Balance $m**	Weighted average interest rate %	Balance $m
Cash and cash equivalents	**3.39 %**	**403.1**	2.81 %	161.7
Bank loans	**5.00 %**	**(1.2)**	5.00 %	(0.6)
Unsecured bank facility	**4.57 %**	**(817.0)**	4.74 %	(834.5)
Lease liabilities	**2.84 %**	**(1.3)**	4.10 %	(2.1)
Cross currency interest rate derivative				
- Receive USD fixed rate	**4.81 %**	**328.3**	4.81 %	299.7
- Pay AUD fixed rate	**7.90 %**	**(352.2)**	7.90 %	(352.2)
Interest rate swaps (notional principal amounts)				
- Receive floating rate	**2.84 %**	**277.0**	3.16 %	346.3
- Pay fixed rate	**6.09 %**	**(277.0)**	6.38 %	(346.3)
		(440.3)		(728.0)

(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.

2013	**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	**-**	**13.7**	**-**	**(11.1)**	**(3.2)**	**-**	**3.2**	**-**	**-**	**-**	**-**	**-**
Trade and other receivables	**0.1**	**7.2**	**(0.1)**	**(5.9)**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Derivative financial instruments [5]	**-**	**(1.0)**	**-**	**1.0**	**-**	**(2.3)**	**-**	**2.3**	**-**	**(0.8)**	**-**	**1.0**
Trade and other payables	**-**	**(10.1)**	**-**	**8.2**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Borrowings[4, 5]	**-**	**(37.8)**	**-**	**30.9**	**2.4**	**-**	**(2.4)**	**-**	**-**	**-**	**-**	**-**
Total increase/ (decrease)	**0.1**	**(28.0)**	**(0.1)**	**23.1**	**(0.8)**	**(2.3)**	**0.8**	**2.3**	**-**	**(0.8)**	**-**	**1.0**

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

[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, the interest cover ratio and the gearing ratio.

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

The Board also monitors the level of dividends to ordinary shareholders. The Group's target is to achieve a payout ratio of between 50%-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 (2012: 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.

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**

At 30 June 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

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) Utilisation of tax losses/credits
The Group is subject to income taxes in Australia and jurisdictions where it has foreign operations. Significant judgement is required in determining the worldwide income tax provision and receivable. The Group has recognised an income tax receivable relating to carried forward tax losses, research and development credits, foreign investor tax credits and tax prepayment in prior years to the extent there are sufficient taxable temporary differences relating to the same taxation authority and the same subsidiary against which the unused tax losses can be utilised. Utilisation of tax losses also depends on the ability of the entity to satisfy certain tests at the time the losses are recouped. Both the total carry forward tax 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 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 one of the largest food suppliers in the Pacific Islands with some of the best known brands in the region, primarily focussed on flour, chicken and snacks. The business has an emerging presence in the East Asian region with a core focus on China, the Philippines and Indonesia, and also exports to over 20 countries. Its Asian product range covers bakery ingredients, dairy and spreads.

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

4 Segment information (continued)

(b) Operating segments

2013	Baking[1] $m	Dairy $m	Grocery $m	Asia Pacific $m	Integro Foods (discontinued) (note 8) $m	Total $m
Segment revenue						
Sales to external customers	935.9	395.3	502.8	331.8	61.4	2,227.2
Intersegment sales	59.8	15.8	29.9	7.2	47.0	159.7
Total segment revenue	**995.7**	**411.1**	**532.7**	**339.0**	**108.4**	**2,386.9**
Intersegment elimination						(159.7)
Discontinued operations (note 8)						(99.6)
Total revenue						**2,127.6**
Segment result						
EBITDA before restructuring costs[2]	91.3	53.3	76.8	60.6	6.4	288.4
Depreciation and amortisation expense	(33.4)	(15.6)	(13.4)	(4.2)	(0.2)	(66.8)
EBIT before restructuring costs	57.9	37.7	63.4	56.4	6.2	221.6
Restructure costs	(6.7)	(2.5)	(0.7)	(1.1)	(0.4)	(11.4)
Insurance proceeds	20.5	0.2	-	-	-	20.7
Impairment charge - property, plant and equipment[3]	(3.0)	-	-	-	-	(3.0)
Asset sales - net gains	-	-	2.7	2.6	-	5.3
Realised exchange loss	(0.9)	-	-	-	-	(0.9)
Segment EBIT	**67.8**	**35.4**	**65.4**	**57.9**	**5.8**	**232.3**
Unallocated deal costs						(0.5)
Unallocated restructure costs						(6.0)
Unallocated foreign exchange gains						0.9
Unallocated expenses						(22.3)
Discontinued operations (note 8)						(13.7)
Net interest expense						(67.2)
Profit before income tax from continuing operations						**123.5**
Profit from discontinued operations, net of tax (note 8)						19.0
Income tax expense						(32.7)
Profit for the year						**109.8**
Segment assets and liabilities						
Segment assets	**999.5**	**611.9**	**414.9**	**315.5**	**65.8**	**2,407.6**
Intersegment elimination						(87.2)
Unallocated assets						456.4
Total assets						**2,776.8**
Segment liabilities	**110.6**	**64.4**	**84.9**	**46.7**	**66.9**	**373.5**
Intersegment elimination						(87.3)
Unallocated liabilities						938.3
Total liabilities						**1,224.5**
Capital expenditure	35.8	5.8	7.7	10.0	2.7	62.0
Unallocated capital expenditure						21.0
Total						**83.0**

(1) The Baking segment EBIT of $67.8m includes the financial information for New Zealand Milling EBIT of $7.9m (including $0.5m loss from insurance settlements) which has been classified as discontinued operations. Further information has been set out in note 8 Discontinued operations.

(2) The Baking segment EBITDA before restructuring costs includes $2.6m (2012: $7.1m) of income relating to the Christchurch earthquakes insurance claim recognised in the ordinary course of business prior to final settlement, which is consistent with prior year treatment. The insurance income recognised, is primarily offset by equivalent costs incurred as a result of the earthquakes.

(3) Asset impairment resulting from the Christchurch earthquakes.

4 Segment information (continued)

2012	Baking[1] $m	Dairy $m	Grocery $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, amortisation and impairment 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 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.

4 Segment information (continued)

(c) Geographical segments

	Segment revenues from sales to external customers		Non-current assets		Capital expenditure	
	2013 $m	2012 $m	**2013 $m**	2012 $m	**2013 $m**	2012 $m
Australia	**1,124.1**	1,355.7	**758.4**	721.5	**56.6**	60.5
New Zealand	**771.3**	824.5	**1,103.2**	1,077.1	**16.3**	17.6
Asia Pacific	**331.8**	333.5	**194.8**	176.4	**10.1**	7.5
Less: Discontinued operations	**(99.6)**	(301.2)	**-**	-	**-**	-
	2,127.6	2,212.5	**2,056.4**	1,975.0	**83.0**	85.6

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 2013, 43.5% of the Group's revenues depended on two customers in the Baking, Dairy and Grocery segments (2012: 32.7%).

5 Other income

	2013 $m	2012 $m
Insurance recoveries relating to Christchurch earthquakes	**23.8**	7.1
Net gain on disposal of property, plant and equipment	**5.3**	-
Other income	**4.9**	1.9
	34.0	9.0

In September 2010 and February 2011, Christchurch was struck by severe earthquakes. The earthquake in February in particular, caused some disruption to the Group's dairy, baking and milling operations in the region and as a result, the Group lodged an insurance claim for damages to buildings, other assets and loss of business.

A final cash settlement of the claim was received during March 2013 for $26.3 million. The final settlement in addition to previous settlements brings the total settlements to $44.9 million. The income recognised for continuing operations as a result of the final settlement of $23.8 million is shown as a significant item. The difference is predominantly due to settlement of prior period receivables and New Zealand Milling capital expenditure commitments.

6 Expenses

	2013 $m	2012 $m
Profit before income tax includes the following specific expenses:		
Depreciation		
Freehold properties	**2.2**	2.2
Leasehold properties	**5.6**	4.5
Plant and equipment	**50.9**	55.2
Leased plant and equipment	**1.0**	1.3
Total depreciation	**59.7**	63.2
Amortisation and impairment		
Amortisation of brand names and licences	**0.2**	0.4
Amortisation of IT development and software	**6.9**	3.1
Impairment of property, plant and equipment	**3.0**	16.8
Impairment charge - Fresh Baking	**-**	101.0
Impairment charge - Home Ingredients	**-**	44.3
Total amortisation and impairment	**10.1**	165.6
Finance costs		
Interest and finance charges	**77.0**	91.8
Interest income	**(9.8)**	(1.7)
Finance costs expensed, net	**67.2**	90.1
Loss on disposal of plant, property and equipment	**0.7**	3.0
Net realised foreign exchange (gains)/losses	**(1.0)**	4.0
Rental expense relating to operating leases	**37.3**	33.9
Research and development	**9.4**	10.9
Restructure costs	**17.4**	58.6
Employee benefits expense		
Wages and salaries	**336.7**	411.8
Annual leave	**11.5**	13.8
Defined contribution superannuation expense	**8.3**	12.7
Long service leave	**2.6**	3.0
Medical insurance	**2.0**	2.0
Share based payments expense	**1.5**	0.1
Termination benefits (within restructuring costs)	**3.4**	26.2
Workers' compensation costs	**7.9**	6.9
	373.9	476.5

7 Income tax expense

	2013 $m	2012 $m
(a) Income tax expense:		
Current tax	**39.7**	28.0
Deferred tax	**(2.1)**	(13.7)
Adjustments for current tax of prior periods	**(1.3)**	1.4
	36.3	15.7
Income tax expense is attributable to:		
Continuing operations	**32.7**	9.0
Discontinued operations	**3.6**	6.7
Aggregate income tax expense	**36.3**	15.7
(b) Reconciliation of income tax expense to prima facie tax payable		
Profit/(loss) before income tax expense	**123.5**	(107.8)
Profit/(loss) from discontinued operations before income tax expense	**22.6**	(16.4)
Profit/(loss) before income tax	**146.1**	(124.2)
Tax at the Australian tax rate of 30% (2012: 30%)	**43.8**	(37.3)
Tax effect of amounts which are not deductible/(assessable) in calculating taxable income:		
Non-assessable income	**(7.3)**	(10.5)
Non-deductible expenses	**11.6**	9.5
Non-deductible impairment charge	**-**	54.6
Research and development	**(2.1)**	(3.0)
Capital losses recouped on sale of businesses	**(7.3)**	-
Other	**-**	(0.5)
	38.7	12.8
Effect of tax rate in foreign jurisdictions	**(1.1)**	1.5
Adjustments for (over)/under provision of current tax relating to prior periods	**(1.3)**	1.4
Total income tax expense	**36.3**	15.7
(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	**2.1**	0.4
Foreign currency translation	**-**	22.9
	2.1	23.3
(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	**2.1**	0.3
	2.1	0.3

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 decision to divest the Integro Foods and New Zealand Milling businesses is 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 - segment information.

(b) Financial performance and cash flow information

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

	2013 $m	2012 $m
Revenue	**99.6**	301.2
Expenses	**(85.9)**	(275.1)
Other[(1)]	**-**	(42.5)
Profit/(loss) before income tax	**13.7**	(16.4)
Income tax expense	**(3.8)**	(6.7)
Profit/(loss) after income tax of discontinued operations	**9.9**	(23.1)
Gain on sale of the division before income tax	**8.9**	-
Income tax benefit	**0.2**	-
Gain on sale of the division after income tax	**9.1**	-
Profit/(loss) from discontinued operation, net of income tax	**19.0**	(23.1)

[(1)] Impairment charge on NZ Milling goodwill of $nil (2012: $42.5m), on classification as held for sale.

	2013 $m	2012 $m
Net cash inflow from operating activities	**20.5**	30.5
Net cash inflow/(outflow) from investing activities	**189.1**	(8.1)
Net cash outflow from financing activities	**(0.2)**	-
Net increase in cash generated by discontinued operations	**209.4**	22.4

8 Discontinued operations (continued)

(c) Details of the sale of the businesses

	2013 $m	2012 $m
Consideration received:		
Cash	**192.1**	-
Total disposal consideration[1]	**192.1**	-
Carrying amount of net assets sold and transaction costs	**(183.2)**	-
Gain on sale before income tax	**8.9**	-
Income tax benefit	**0.2**	-
Gain on sale after income tax	**9.1**	-

[1] Consideration excludes the net trade and other receivables and payables balance, collected and settled respectively, by Goodman Fielder Limited.

(d) Assets and liabilities classified as held for sale

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

	2013 $m	2012 $m
Inventories	**-**	65.2
Property, plant and equipment[1]	**1.7**	93.0
Intangibles	**-**	18.9
Total assets[2]	**1.7**	177.1
Employee benefits and other provisions	**-**	(7.6)
Total liabilities[3]	**-**	(7.6)
Net assets	**1.7**	169.5

[1] Relates to land and buildings which were not purchased by GrainCorp/Gardner Smith. The land and buildings however still remain available for sale.
[2] Trade debtors were not classified as held for sale as they were collected by Goodman Fielder Limited.
[3] Trade creditors were not classified as held for sale as they were settled by Goodman Fielder Limited as they fell due.

9 Current assets - Cash and cash equivalents

	2013 $m	2012 $m
Cash at bank and on hand	**403.1**	161.7

(a) Cash at bank

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

9 Current assets - Cash and cash equivalents (continued)

(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 $20.5m (2012: $19.3m), covering its banking operations in Australia, New Zealand, Fiji and New Caledonia. At 30 June 2013, $0.5m was utilised (2012: unutilised).

10 Current assets - Trade and other receivables

	2013 $m	2012 $m
Trade receivables	**157.4**	209.6
Allowance for doubtful debts	**(1.6)**	(1.7)
Insurance recoveries receivable	**-**	0.7
Other receivables	**7.1**	19.0
	162.9	227.6

(a) Credit risk

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

	Gross 2013 $m	**Allowance for doubtful debts 2013 $m**	Gross 2012 $m	Allowance for doubtful debts 2012 $m
Not past due	**148.4**	**-**	162.5	-
Past due 1-30 days	**1.2**	**-**	33.4	-
Past due 31-60 days	**2.3**	**-**	8.4	-
Past due 61-90 days	**1.2**	**-**	1.4	-
Past due over 90 days	**4.3**	**1.6**	3.9	1.7
	157.4	**1.6**	209.6	1.7

Movements in the allowance for doubtful debts are as follows:

	2013 $m	2012 $m
Opening balance	**1.7**	4.3
Provision for doubtful debts recognised in the income statement during the year	**0.4**	-
Receivables written off during the year as uncollectable	**(0.5)**	(0.8)
Unused amount reversed	**-**	(1.8)
At 30 June	**1.6**	1.7

10 Current assets - Trade and other receivables (continued)

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:

	2013 $m	2012 $m
Australia	**89.2**	127.7
New Zealand	**33.1**	54.6
Asia Pacific	**35.1**	27.3
	157.4	209.6

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

(b) Securitisation program

Certain controlled entities in Australia and New Zealand have entered into a receivables purchase agreement which enables them to securitise selected amounts of their receivables portfolio up to a limit of $62.0m (2012: $62.0m) and NZ$44.0m (2012: NZ$44.0m). At 30 June 2013, $57.3m (2012: $58.2m) and NZ$43.8m (2012: NZ$40.2m) of receivables have been securitised and are not included in the statement of financial position in accordance with accounting policy note 1(p).

(c) Fair value

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

11 Current assets - Inventories

	2013 $m	2012 $m
Raw materials	**39.9**	53.2
Work in progress	**7.6**	11.8
Finished goods	**81.4**	63.0
	128.9	128.0

(a) Inventory expense

Write-downs of inventories to net realisable value recognised as an expense during the year ended 30 June 2013 amounted to $4.3m (2012: $6.2m) for the Group. The expense has been included in 'cost of sales' in the income statement.

12 Derivative financial instruments

	2013 $m	2012 $m
Current assets		
Commodity price derivatives	**0.1**	1.7
Total current derivative financial instrument assets	**0.1**	1.7
Current liabilities		
Foreign exchange derivatives	**0.6**	0.4
Interest rate derivatives	**4.8**	9.8
Cross currency interest rate derivatives	**11.5**	13.4
Commodity price derivatives	**0.1**	0.1
Total current derivative financial instrument liabilities	**17.0**	23.7
Non-current liabilities		
Cross currency interest rate derivatives	**30.4**	56.0
Interest rate derivatives	**1.8**	6.7
Total non-current derivative financial instrument liabilities	**32.2**	62.7
	49.2	86.4

13 Current assets - Other current assets

	2013 $m	2012 $m
Prepayments	**6.3**	7.8
Other current assets	**8.3**	1.2
	14.6	9.0

14 Non-current assets - Receivables

	2013 $m	2012 $m
Receivables from jointly controlled entities	**0.8**	2.4

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

	2013 $m	2012 $m
Investment in jointly controlled entity (see note 39)	**5.5**	4.1

(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 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
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[1]	(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
Year ended 30 June 2013					
Opening net book amount	111.4	39.6	345.1	2.0	498.1
Additions	11.0	10.6	50.7	0.3	72.6
Disposals	(0.8)	(0.2)	(6.0)	-	(7.0)
Reclassifications	1.7	-	(1.7)	-	-
Impairment[2]	-	-	(3.0)	-	(3.0)
Disposal through sale of business	-	-	(4.4)	-	(4.4)
Transfers from assets held for sale	1.5	-	-	-	1.5
Depreciation charge	(2.2)	(5.6)	(50.9)	(1.0)	(59.7)
Effects of movements in foreign exchange rates	4.3	1.0	8.1	-	13.4
Closing net book amount	126.9	45.4	337.9	1.3	511.5
At 30 June 2013					
Cost	159.8	71.8	595.0	5.8	832.4
Accumulated depreciation	(32.9)	(26.4)	(257.1)	(4.5)	(320.9)
Net book amount	126.9	45.4	337.9	1.3	511.5

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

17 Non-current assets - Deferred tax assets

	2013 $m	2012 $m
Employee benefits	**16.6**	15.5
Provisions	**9.2**	9.9
Cash flow hedges recognised in equity	**7.4**	9.4
Tax value of carry-forward tax losses and credits recognised	**8.2**	18.6
Other items	**5.7**	4.3
	47.1	57.7
Deductible temporary differences	**45.3**	52.2

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 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[2]	-	-	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
Year ended 30 June 2013				
Opening net book amount	1,013.0	353.8	44.8	1,411.6
Additions[2]	-	-	10.4	10.4
Amortisation charge	-	(0.2)	(6.9)	(7.1)
Effect of movements in foreign exchange rates	60.0	13.9	1.7	75.6
Closing net book amount	1,073.0	367.5	50.0	1,490.5
At 30 June 2013				
Gross carrying amount	1,727.2	388.0	62.3	2,177.5
Accumulated amortisation and impairment	(654.2)	(20.5)	(12.3)	(687.0)
Net book amount	1,073.0	367.5	50.0	1,490.5

(1) In the prior year, 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 Baking Australia and New Zealand and Grocery 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 (c) for further information on the impairment charges.

(2) Borrowing costs of $1.1m (2012: $1.8m) were capitalised during the year with an interest rate of 7.47% (2012: 7.66%).

18 Non-current assets - Intangible assets (continued)

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

Goodwill, acquired through business combinations, brand names and licences and IT development and software has been allocated to six (2012: six) individual cash-generating units (CGU) for impairment testing as follows:

2013	**Goodwill $m**	**Brands and licences $m**	**IT development and software $m**	**Total $m**
Baking Australia	194.8	123.0	-	317.8
Baking New Zealand	256.0	69.0	0.6	325.6
Dairy New Zealand	361.0	104.0	-	465.0
Grocery Australia	-	29.6	-	29.6
Grocery New Zealand	148.5	13.1	-	161.6
Asia Pacific	112.7	28.8	-	141.5
Corporate	-	-	49.4	49.4
	1,073.0	367.5	50.0	1,490.5

2012	Goodwill $m	Brands and licences $m	IT development and software $m	Total $m
Baking Australia	194.3	123.0	-	317.3
Baking New Zealand	237.0	64.0	1.0	302.0
Dairy New Zealand	334.9	96.9	-	431.8
Grocery Australia	-	29.6	-	29.6
Grocery 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

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

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

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

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

The carrying value of the Anchor brand within the Dairy New Zealand CGU was $0.2m (2012: $0.4m). The licence of the Anchor brand name has been assessed to have a finite life of 10 years from the agreement date. The remaining amortisation period is 1.5 years.

18 Non-current assets - Intangible assets (continued)

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

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

Cashflows

The cash flows for the value in use calculations are based on the FY14 board approved budgeted EBITDA and three year strategic plan extended to five years at an underlying growth rate which does not exceed historic rates. Due to the commercial sensitivity of information, the values attributed to these forecasts have not been disclosed. Management determined forecast EBITDA based on recent performance and its risk adjusted expectations for the future.

Terminal Growth rates

The terminal growth rate used to extrapolate cash flows beyond the five year forecast period for Australian, Asia Pacific and New Zealand CGU's is 2.5% (2012: 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 7.7% for Australian and New Zealand CGU's and 14.6% for Asia Pacific (2012: 8.23% and 13.8%, 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 9.2%-9.9% (2012: 9.8%-11.0%) and 20.2% for Asia Pacific (2012: 18.7%). The discount rates used reflect specific risks relating to the relevant segments and the countries in which they operate.

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

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

In 2012, in view of the weak trading conditions in Australia and New Zealand, the Group recognised a non cash impairment of $141.7m (Baking Australia $70.5m, Baking New Zealand $30.5m, Grocery Australia $31.7m and Grocery New Zealand $9.0m) to goodwill and $3.6m (Grocery Australia) to brands.

In 2013, the Group determined that the recoverable amount of each CGU exceeds it's carrying value and no impairment was required.

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

- Terminal growth rates: A 0.5% decrease in the terminal growth rate will result in all the CGUs being free of impairment at reporting date.
- Discount rates: A 0.5% increase in the discount rate will result in all the CGUs being free of impairment at reporting date.
- Forecast cash flows: A 5% decrease in the forecast cash flows will result in all the CGUs being free of impairment at reporting date.

Management do not believe a reasonable possible change in assumptions for any CGU would cause the units carrying amount to exceed recoverable amount, except for Baking New Zealand where by a 0.8% increase in the discount rate would result in the carrying value being equal to the recoverable amount.

19 Non-current assets - Other non-current assets

	2013 $m	2012 $m
Other non-current assets	**1.0**	1.1

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 2013 are set out below:

Australia
Fund - Goodman Fielder Superannuation Fund
Benefit Type - Defined Contribution and Defined Benefit
Date of last actuarial valuation - 8 July 2013

The Goodman Fielder Superannuation Fund is a ‘hybrid’ superannuation plan as it comprises both defined contribution and defined benefit member entitlements. The defined benefit component ceased accepting new members in 1997. Since this date, all new members participate only in the defined contribution plan. Employees who entered the defined benefit plan prior to 1997 are eligible to receive benefits of the greater of their defined benefit and defined contribution components. Employees who are eligible to receive defined benefit payments comprise an immaterial component of the plan; therefore, this plan has been accounted for as a defined contribution superannuation plan. The defined benefit obligation of the plan at 30 June 2013 was $12.9 million (2012: $21.6 million) The net deficit of the defined benefit portion of the plan at 30 June 2013 was $0.3 million and considered not material to either the financial performance or the financial position of the Group.

New Zealand
Fund - Goodman Fielder (NZ) Retirement Plan
Benefit Type - Defined Contribution and Defined Benefit
Date of last actuarial valuation - 8 July 2013

The Goodman Fielder (NZ) Retirement Plan is a 'hybrid' superannuation plan as it comprises both defined contribution and defined benefit member entitlements. The defined benefit component is closed to new members. All new members participate only in the defined contribution plan. It also pays pension benefits to retired members under a previous arrangement. Members are not required to contribute to the Plan, although they may contribute a minimum of 2% basic pay after one year's service. Employer accounts are credited with amounts that depend on the member's years of contributory membership and level of member contributions. The defined benefit obligation of the plan at 30 June 2013 was NZ$14.6 million (2012: NZ$16.1 million). The net deficit of the defined benefit portion of the plan at 30 June 2013 was NZ$1.6 million and considered not material to either the financial performance or the financial position of the Group.

21 Current liabilities - Trade and other payables

	2013 $m	2012 $m
Trade payables	**202.5**	242.6
Accrued interest	**4.5**	8.8
Other payables	**28.7**	23.8
	235.7	275.2

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

22 Current liabilities - Borrowings

	2013 $m	2012 $m
Secured		
Lease liabilities (note 35)	**0.8**	0.9
Bank facility	**0.5**	0.6
Total secured current borrowings	**1.3**	1.5
Unsecured		
Bank facility	**51.5**	49.5
Total unsecured current borrowings	**51.5**	49.5
	52.8	51.0

(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 2013, the Group had $50.8m (2012: $49.5m) drawn under an unsecured $50m (2012: $50m) bilateral bank debt facility maturing in July 2013. The drawings are in NZD and subject to exchange translation. Balance at 30 June 2013 is within the facility tolerance limit.

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 (2012: $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 (2012: $nil). Refer to note 38.

24 Current liabilities - Provisions

	2013 $m	2012 $m
Employee benefits	**47.4**	41.0
Workers' compensation	**2.7**	2.2
Business closure and rationalisation	**9.3**	17.4
Other provisions	**1.5**	1.0
	60.9	61.6

(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 $5.2m (2012: $4.8m) in respect of workers' compensation, the Group has a $5.2m (2012: $4.8m) 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

	2013 $m	2012 $m
Secured		
Lease liabilities (note 35)	**0.5**	1.2
Total secured non-current borrowings	**0.5**	1.2
Unsecured		
Bank facility	**220.3**	289.0
US bond issue	**328.3**	299.7
NZ bond issue	**211.7**	196.3
Total unsecured non-current borrowings	**760.3**	785.0
	760.8	786.2

(a) Debt capacity

At 30 June 2013, the Group has $277.9m (2012: $343.9m) of undrawn committed funding capacity available (excluding cash at bank). Of this total, $4.1m (2012: $10.7m) matures in less than 12 months and $273.8m (2012: $333.2m) 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 $6.1m (2012: $10.8m), extended to various Group companies in the Asia Pacific region. These facilities are guaranteed by Goodman Fielder Limited and certain controlled entities in favour of the lender.

(d) Other debt facilities

The Group has access to overnight borrowings facilities to a total of $19.2m (2012: $18.9m). These facilities are uncommitted and provided at call. These facilities were not utilised at 30 June 2013 (2012: unutilised). The Group also has a securitisation facility, details of which are set out in note 10(b).

(e) Unsecured borrowing facilities

There are four (2012: five) committed unsecured bank facilities available to the Group at 30 June 2013. 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 2013 $m	Amount utilised 2013 $m
Floating rate		
Bilateral Loan Facility entered in March 2009		
- available until February 2013	**50.0**	**50.8**
Pacific loan facilities	**6.1**	**1.2**
Non-current		
Syndicated Loan Facility entered in November 2011		
- available until November 2014	**300.0**	**226.2**
Syndicated Loan Facility entered in November 2011		
- available until November 2016	**200.0**	**-**
US Bond issue entered in September 2010		
- available until September 2020	**328.3**	**328.3**
NZ Bond issue entered in October 2010		
- available until May 2016	**211.7**	**211.7**
	1,096.1	**818.2**

The borrowing facilities in notes 22 and 25 are shown net of $5.9m (2012: $7.8m) 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 2013.

On 6 August 2013, $150.0m and NZ$50.0m was repaid on the Syndicated Loan Facility maturing November 2014.

26 Non-current liabilities - Deferred tax liabilities

	2013 $m	2012 $m
Property, plant and equipment	**18.4**	13.0
Intangible assets	**1.6**	1.6
Land and buildings	**8.0**	4.5
Consumable stores	**-**	1.2
Other items	**0.1**	-
Interest bearing loans	**0.1**	0.2
	28.2	20.5

27 Non-current liabilities - Provisions

	2013 $m	2012 $m
Employee benefits	**2.9**	3.5
Workers' compensation	**3.1**	2.2
Other provisions	**14.5**	9.5
	20.5	15.2

(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
2013				
Current and non-current				
Carrying amount at start of year	**4.4**	**17.4**	**10.5**	**32.3**
Additional provisions recognised	**4.9**	**5.4**	**5.9**	**16.2**
Amounts used during the year	**(3.5)**	**(13.5)**	**(0.4)**	**(17.4)**
Carrying amount at end of year	**5.8**	**9.3**	**16.0**	**31.1**

28 Contributed equity

	2013 Number of Shares	2012 Number of Shares	2013 $m	2012 $m
Other contributed equity				
Other contributed equity	**1,955,559,207**	1,955,559,207	**2,060.1**	2,058.8
Share capital				
Share capital			**4.9**	4.9
Total consolidated contributed equity			**2,065.0**	2,063.7

(a) Movements in contributed equity:

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

(b) Ordinary shares

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

(c) Share capital

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

(d) Other contributed equity

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

(e) Dividend reinvestment plan

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

29 Reserves and accumulated losses

	2013 $m	2012 $m
(a) Reserves		
Hedging reserve	**(17.7)**	(22.7)
Share-based payments reserve	**2.1**	0.6
Foreign currency translation reserve	**(162.0)**	(230.8)
	(177.6)	(252.9)

	2013 $m	2012 $m
Movements:		
Hedging reserve		
Balance at 1 July	**(22.7)**	(23.8)
Effective changes in fair value of interest rate derivatives, net of tax	**6.9**	1.0
Effective changes in fair value of foreign currency derivatives, net of tax	**(0.1)**	0.6
Effective changes in fair value of commodity price derivatives, net of tax	**(1.1)**	2.0
Effective changes in fair value of cross currency interest rate derivatives, net of tax	**(0.7)**	(7.1)
Transfer to income statement, net of tax	**0.1**	2.7
Transfer to inventory and other assets, net of tax	**(0.1)**	1.9
Balance 30 June	**(17.7)**	(22.7)
Movements:		
Share-based payments reserve		
Balance 1 July	**0.6**	0.5
Share based payment recognised in income statement, net of tax	**1.5**	0.1
Balance 30 June	**2.1**	0.6
Foreign currency translation reserve		
Balance at 1 July	**(230.8)**	(236.2)
Total recognised income	**68.8**	5.4
Balance 30 June	**(162.0)**	(230.8)

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 (continued)

(b) Accumulated losses

	2013 $m	2012 $m
Movements in accumulated losses were as follows:		
Opening balance	**(441.7)**	(260.3)
Net profit/(loss) for the year	**102.5**	(146.9)
Dividends	**-**	(34.5)
Balance 30 June	**(339.2)**	(441.7)

30 Dividends

	2013 $m	2012 $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
Total dividends paid	**-**	34.5

In the current year the Company did not pay a dividend. Prudent capital management continues to be a priority of the Board. Dividend policy is to pay 50% to 80% of net profit after tax as dividends, subject to trading conditions.

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

	2013 $m	2012 $m
Since year end the Directors have resolved to pay a final dividend of 3.0 cents per fully paid ordinary share. (2012: nil)		
Australia: nil franked amount (2012: nil franked amount)		
New Zealand: nil imputation (2012: nil imputation)		
The aggregate amount of the proposed dividend payable but not recognised as a liability	**58.7**	-

(c) Franked dividends

	2013 $m	2012 $m
Franking credits available for the above period and for subsequent financial years based on a tax rate of 30% (2012: 30%)	**17.3**	23.1
Add: Current year tax (receivable)/payable[1]	**(9.1)**	(13.7)
	8.2	9.4

[1]The 30 June 2013 franking balance has been adjusted for franking credits that will arise from the receipt of the current tax asset recognised as at 30 June 2013 on lodgement of the 2013 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

	2013 $m	2012 $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% (2012: 28%)	**15.8**	12.9

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*

	2013 $	2012 $
Short-term employee benefits	**6,972,739**	6,894,533
Post-employment benefits	**203,229**	501,649
Other long term benefits	**33,466**	48,783
Termination benefits	**631,759**	796,681
Share-based payments	**695,971**	228,318
	8,537,164	8,469,964

Detailed remuneration disclosures are provided in the Remuneration Report.

Incentives awarded and paid to executives in the year ended 30 June 2013 in respect of performance for the 2012 financial year have been disclosed in the Remuneration Report in the 2012 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 2013".

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) **Equity Incentive Plan and sign-on incentives**
Details of entitlements to 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 Equity Incentive Plan, see note 32.

2013 **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							
2013	-	2,505,455	-	-	2,505,455	-	2,505,455
2012	2,250,000	-	-	-	2,250,000	-	2,250,000
Other key management personnel of the Group							
S M Gannon							
2013	-	727,273	-	-	727,273	-	727,273
2012[(3)]	-	677,358	-	-	677,358	-	677,358
A R Hipperson							
2013	-	538,182	-	-	538,182	-	538,182
2012	125,708	-	-	-	125,708	-	125,708
2011	82,821	-	-	(82,821)	-	-	-
P R Reidie							
2013	-	527,942	-	-	527,942	-	527,942
2012	135,502	-	-	-	135,502	-	135,502
2011	91,846	-	-	(91,846)	-	-	-
Former key management personnel of the Group							
S K Roberts[(2)]							
2012	112,846	-	-	(112,846)	-	-	-
2011	86,765	-	-	(86,765)	-	-	-

(1) Represents the number of ordinary shares to which executives will be entitled at target performance.
(2)Mr. S K Roberts ceased to be a member of the key management personnel on 13 October 2012.
(3) As noted in the prior year, the entitlements of Mr Gannon under the Equity Incentive Plan (formerly 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.

Mr Foyston is entitled to a long term incentive which is payable in cash, rather than Company shares, due to regulatory requirements associated with operating a share-based incentive plan for a small number of employees in China. Mr Foyston was granted a notional 400,000 shares, with the same performance measures and targets as other Managing Directors. If an award is made at the end of the performance period, the cash payment made to Mr Foyston will be equivalent to the current market value of the notional shares under the offer.

31 Key management personnel disclosures (continued)

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[5]							
2011	108,253	-	-	(108,253)	-	-	-
2010	107,820	-	-	(107,820)	-	-	-
P Talwar							
2012	-	122,642	-	-	122,642	-	122,642

(1) Represents 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's intention at the time was 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.

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:

2013 **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				
C J Froggatt	24,554	-	-	24,554
S Gregg	100	20,000	-	20,100
P R Hearl	64,396	135,000	-	199,396
C A Hooke	284,751	-	-	284,751
I D Johnston	193,044	-	-	193,044
J Dawson	-	10,000	-	10,000
Other key management personnel of the Group				
P D Foyston	-	-	-	-
S M Gannon	-	-	-	-
A R Hipperson	28,889	-	-	28,889
P R Reidie	4,321	-	-	4,321
Former key management personnel of the Group				
M G Ould(1)	425,143	-	(425,143)	-
S K Roberts(2)	-	-	-	-

(1) Mr. M G Ould retired as Chairman and a director on 1 October 2012.
(2) Mr. S K Roberts ceased to be a member of the key management personnel on 13 October 2012.

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 Director 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.

(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.

31 Key management personnel disclosures (continued)

(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 Equity Incentive Plan (EIP) (formerly the Performance Share Plan) approved by shareholders at the Company's 2007 Annual General Meeting.

The total equity settled share based payment expense for the year was $1.5 million (2012: $0.1 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	**2013 No. of rights**	2012 No. of rights
Rights outstanding as at 1 July	**8,215,536**	5,330,065
Rights granted	**12,479,618**	6,438,643
Rights forfeited	**(2,426,430)**	(1,760,965)
Rights lapsed	**(1,456,186)**	(1,792,207)
Rights outstanding as at 30 June	**16,812,538**	8,215,536
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	**2013**	2012
Expected volatility	50.00%	45.00%
Dividend yield	3.01%	9.62%
Risk free interest rate	2.60%	3.06%

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

The Goodman Fielder share price at grant date was used to value the rights with an EPS and or ROCE performance hurdle, adjusted for expected dividends during the vesting period.

32 Share-based payments (continued)

The grant date and fair value at the date of each share award was as follows:

Share Plan	Grant date	Share value
2013 - Equity Incentive Plan - ROCE	7 December 2012	$0.67
2013 - Equity Incentive Plan - TSR	7 December 2012	$0.52
2012 - Equity Incentive Plan - ROCE	13 December 2011	$0.52
2012 - Equity Incentive Plan - TSR	13 December 2011	$0.15
2011 - Equity Incentive Plan	4 December 2010	$1.37

(b) Retention Plan

In 2012 the company introduced the Retention Incentive Plan (RIP) for participation by senior managers and executives of the Company. The invitation to participate is at the discretion of the Group Executive and the Board. The invitation to participate is based on the ability of the senior manager or executive to influence the Company's financial performance or contribute to the achievement of the Company's business objectives.

Shares are allocated to senior management and executives who successfully complete the three year retention period. The Board has discretion to adjust the number of share rights allocated in particular circumstances (for example, a capital reconstruction) and subject to continued employment with the Group through the retention period and until the retention date. Senior management and executives will receive one share for each share right held. Share rights vest on the retention date if the employee is still an employee of the Group at that time.

Retention plan rights reconciliation	**2013** **No. of rights**	2012 No. of rights
Rights outstanding as at 1 July	**2,180,000**	-
Rights granted	**300,000**	2,720,000
Rights forfeited	**(360,000)**	(540,000)
Rights outstanding as at 30 June	**2,120,000**	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.

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:

	2013 **$**	2012 $
(a) Audit and review services		
KPMG Australia		
Audit and review of financial reports	**1,051,412**	1,107,100
Overseas KPMG firms		
Audit and review of financial reports	**430,600**	372,900
Total remuneration for audit and other assurance services	**1,482,012**	1,480,000
(b) Other tax and assurance services		
KPMG Australia		
In relation to other assurance and due diligence services	**255,165**	240,107
Overseas KPMG firms		
In relation to other assurance and taxation services	**27,260**	132,090
Total remuneration for audit and other assurance services	**282,425**	372,197
Total auditors' remuneration	**1,764,437**	1,852,197

34 Contingencies

(a) Contingent liabilities

The Group is subject to litigation in the ordinary course of operations. The Group does not believe that it is engaged in any legal proceedings for which provision has not been made which would be likely to have a material effect on its business, statement of financial position or income statement.

The Group has entered into guarantees and security arrangements in respect of certain indebtedness as described in note 25.

The Group has entered into a Deed of Cross Guarantee. Details are set out in note 38.

35 Commitments

(a) Capital commitments

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

	2013 **$m**	2012 $m
Capital expenditure commitments	**15.3**	19.2

35 Commitments (continued)

(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.

	2013 $m	2012 $m
Commitments for minimum lease payments in relation to non-cancellable operating leases are payable as follows:		
Within one year	**26.2**	28.8
Later than one year but not later than five years	**69.5**	76.1
Later than five years	**77.0**	95.3
Commitments not recognised in the consolidated financial statements	**172.7**	200.2

(ii) Finance leases
During the year, the Group leased various plant and equipment with a carrying amount of $0.3m (2012: $0.7m) 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.

	2013 $m	2012 $m
Commitments in relation to finance leases are payable as follows:		
Within one year	**0.9**	1.1
Later than one year but not later than five years	**0.6**	1.4
Later than five years	**-**	-
Minimum lease payments	**1.5**	2.5
Future finance charges	**(0.2)**	(0.4)
Recognised as a liability	**1.3**	2.1
Representing lease liabilities:		
Current (note 22)	**0.8**	0.9
Non-current (note 25)	**0.5**	1.2
	1.3	2.1

The weighted average interest rate implicit in the leases is 2.84% (2012: 4.10%).

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.

(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):

	2013 $m	2012 $m
Non-current receivables (loans)	**0.8**	2.4

(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 2013, the Group has not incurred any impairment losses relating to amounts owed by related parties (2012: 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 2013	**Country of incorporation**	**Class of shares**	**Equity holding**	
			2013 %	2012 %
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
Seabreeze Poultry Limited	Papua New Guinea	Ordinary	**100**	100
Goodman Fielder International (Philippines) Inc	Philippines	Ordinary	**100**	100
Goodman Fielder (Guangzhou) Trade Co Ltd	China	n/a	**100**	100
Goodman Fielder Singapore Pte. Ltd	Singapore	Ordinary	**100**	100

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:

	2013 $m	2012 $m
Consolidated income statement		
Sales of goods	**1,070.0**	1,152.2
Other income	**63.1**	34.6
Cost of sales	**(648.9)**	(704.6)
Warehousing and distribution expenses	**(230.2)**	(236.0)
Selling and marketing expenses	**(63.1)**	(72.1)
General and administration expenses	**(81.3)**	(114.3)
Other	**-**	(121.6)
Net financing costs	**(27.0)**	(18.8)
Profit/(loss) before income tax	**82.6**	(80.6)
Income tax (expense)/benefit	**(7.6)**	0.6
Profit/(loss) from continuing operations	**75.0**	(80.0)
Profit from discontinued operations	**16.3**	11.0
Profit/(loss) for the year	**91.3**	(69.0)
Consolidated statement of comprehensive income		
Profit/(loss) for the year	**91.3**	(69.0)
Other comprehensive loss		
Changes in fair value of cash flow hedges	**4.8**	(2.9)
Total comprehensive income/(loss) for the year	**96.1**	(71.9)
Summary of movements in retained earnings		
Accumulated losses at the beginning of the financial year	**(357.9)**	(254.4)
Profit/(loss) for the year	**91.3**	(69.0)
Dividends recognised during the year	**-**	(34.5)
Accumulated losses at the end of the financial year	**(266.6)**	(357.9)

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:

	2013 $m	2012 $m
Current assets		
Cash and cash equivalents	**348.9**	76.4
Trade and other receivables	**126.4**	133.6
Inventories	**57.5**	53.8
Derivative financial instruments	**0.1**	1.7
Current tax receivable	**13.8**	17.6
Other current assets	**9.3**	16.8
Assets classified as held for sale	**1.7**	136.0
Total current assets	**557.7**	435.9
Non-current assets		
Receivables	**341.7**	477.8
Investments in jointly controlled entities	**5.5**	4.1
Other investments	**1,100.5**	1,100.5
Property, plant and equipment	**320.5**	309.0
Deferred tax assets	**26.7**	24.9
Intangible assets	**348.3**	335.3
Other non-current assets	**0.3**	0.2
Total non-current assets	**2,143.5**	2,251.8
Total assets	**2,701.2**	2,687.7
Current liabilities		
Trade and other payables	**195.7**	208.9
Borrowings	**51.3**	50.1
Derivative financial instruments	**17.0**	23.7
Provisions	**44.6**	45.2
Liabilities classified as held for sale	**-**	7.0
Total current liabilities	**308.6**	334.9
Non-current liabilities		
Borrowings	**551.7**	593.0
Derivative financial instruments	**32.2**	62.6
Provisions	**26.0**	13.5
Total non-current liabilities	**609.9**	669.1
Total liabilities	**918.5**	1,004.0
Net assets	**1,782.7**	1,683.7

	2013 $m	2012 $m
Equity		
Contributed equity	**2,065.0**	2,063.7
Reserves	**(15.7)**	(22.1)
Accumulated losses	**(266.6)**	(357.9)
Total equity	**1,782.7**	1,683.7

39 Jointly controlled entities

The Group has a 50% interest (2012: 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 $1.3m (2012: $1.8m) of the Group's investment in PT Sinar Meadow International Indonesia was recognised. The Group recognised a gain of $0.1m (2012: loss of $0.5m) on investment in PT Sinar Meadow International Indonesia arising on translation of the Group's share of net assets.

	Ownership interest		**Carrying value of investment**	
	2013	2012	**2013 $m**	2012 $m
PT Sinar Meadow International Indonesia (incorporated in Indonesia)	**50.0 %**	50.0 %	**5.5**	4.1

	2013 $m	2012 $m
Carrying amount of investment in partnership	**5.5**	4.1

	2013 $m	2012 $m
Jointly controlled entity's assets and liabilities		
Current assets	**16.2**	14.8
Non-current assets	**5.2**	3.7
Total assets	**21.4**	18.5
Current liabilities	**5.8**	4.0
Non-current liabilities	**4.6**	6.3
Total liabilities	**10.4**	10.3
Net assets	**11.0**	8.2

	2013 $m	2012 $m
Jointly controlled entity's revenue, expenses and results		
Revenues	**47.1**	47.0
Expenses	**(42.5)**	(43.4)
Profit before income tax	**4.6**	3.6

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

	2013 $m	2012 $m
Profit/(loss) for the year	**109.8**	(139.9)
Adjustments for:		
Depreciation and amortisation	**66.8**	66.7
Impairment of property, plant and equipment	**3.0**	16.8
Impairment of goodwill and other intangibles	**-**	187.8
Insurance recoveries	**(23.8)**	-
Net (gain)/loss on disposal of property, plant and equipment	**(4.6)**	3.0
Net gain on disposal of business	**(9.1)**	-
Reversal of previous period impairments on joint venture	**(1.4)**	(1.3)
Transfer of hedge reserve to income statement	**-**	2.7
Share based payments	**1.5**	0.1
Unrealised foreign exchange loss on US private placement	**28.6**	18.9
Change in operating assets and liabilities:		
Decrease in trade and other receivables	**53.6**	18.5
Decrease in inventories	**(13.2)**	3.0
Decrease in derivative financial instruments	**(30.6)**	(20.2)
Decrease/(increase) in tax receivable	**4.6**	(4.8)
Decrease in deferred tax assets	**10.6**	2.3
Increase in other assets	**(3.6)**	(4.4)
Decrease in trade and other payables	**(25.5)**	(39.2)
Increase/(decrease) in current tax liability	**1.4**	(2.6)
Increase in provisions	**1.6**	19.0
Increase in deferred tax liabilities	**9.0**	2.6
Net cash inflow from operating activities	**178.7**	129.0

41 Non-cash financing activities

The dividend reinvestment plan (DRP) did not apply to any dividends paid in the current or prior year.

42 Events occurring after the reporting date

On 6 August 2013, $150.0m and NZ$50.0m was repaid on the Syndicated Loan Facility maturing November 2014.

Except as mentioned above, there have been no other events subsequent to reporting date which would have a material effect on the Group's financial statements at 30 June 2013.

43 Earnings per share

	2013 **Cents**	2012 Cents
(a) Basic earnings per share		
Profit/(loss) from continuing operations attributable to the owners of Goodman Fielder Limited	**4.3**	(7.0)
Profit/(loss) from discontinued operations attributable to the owners of Goodman Fielder Limited	**1.0**	(1.3)
	5.3	(8.3)
(b) Diluted earnings per share		
Profit/(loss) from continuing operations attributable to the owners of Goodman Fielder Limited	**4.2**	(7.0)
Profit/(loss) from discontinued operations attributable to the owners of Goodman Fielder Limited	**1.0**	(1.3)
	5.2	(8.3)

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

	2013 **$m**	2012 $m
Basic and diluted earnings per share		
Profit attributable to the ordinary owners of the company used in calculating basic earnings per share		
Profit/(loss) for the year from continuing operations	**90.8**	(116.8)
Profit/(loss) for the year from discontinued operations	**19.0**	(23.1)
Less: Profit attributable to non-controlling interests	**(7.3)**	(7.0)
	102.5	(146.9)

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

	2013 **Number** **m**	2012 Number m
Weighted average number of ordinary shares (basic)	**1,955.6**	1,756.6
Adjustments for calculation of earnings per share:		
Effect of share rights on issue	**14.1**	-
Weighted average number of ordinary shares and potential ordinary shares used as the denominator in calculating diluted earnings per share	**1,969.7**	1,756.6

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

44 Parent Entity financial information

(a) Summary financial information

As at, and throughout, the financial year ended 30 June 2013 the legal parent entity of the group was Goodman Fielder Limited. The individual financial statements for Goodman Fielder Limited show the following aggregate amounts:

	2013 $m	2012 $m
Financial position at year end		
Current assets	**3.6**	-
Non-current assets	**2,841.3**	3,036.8
Total assets	**2,844.9**	3,036.8
Current liabilities	**-**	13.7
Non-current liabilities	**3.3**	1.7
Total liabilities	**3.3**	15.4
Net Assets	**2,841.6**	3,021.4
Total equity comprises:		
Contributed equity[(1)]	**2,673.6**	2,906.0
Retained earnings	**168.0**	115.4
	2,841.6	3,021.4
(Loss)/profit for the year[(2)]	**(180.9)**	60.1
Other comprehensive (loss)/income		
Other comprehensive income for the year	**233.5**	-
Total comprehensive income	**52.6**	60.1

[(1)] On 20 June 2013, the parent entity reduced its contributed equity by $233.5 million in accordance with section 258F of the Corporations Act 2001, eliminating the current year retained loss of the parent entity. This reflected the amount of contributed equity that was not represented by available assets at the time of the reduction. There was no impact on the number of issued shares or on the consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows. This will not result in any gains or losses being recognised in future reporting periods.

[(2)] As at 20 June 2013, the parent entity recognised an impairment of $233.5 million in respect of its investment in the wholly owned subsidiary Goodman Fielder Consumer Foods Pty Limited ("GFCF"). Goodman Fielder Limited's investment in GFCF included $233.5 million attributable to Integro Foods Australia. The impairment at the parent entity level arose as a result of the sale of the Integro Foods Australian business on 2 October 2012, and as such there were no longer any assets or cash flows to support the investment value in the wholly owned subsidiary GFCF.

(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 (2012: $10m);

(ii) receivables purchase agreements of subsidiaries amounting to $99.3m (2012: $96.6m);

(iii) bank loans and facilities of subsidiaries outside Australia and New Zealand amounting to $10.2m (2012: $17.1m);

(iv) bank guarantees of subsidiaries amounting to $5.5m (2012: $4.8m);

(v) commodity futures agreement of subsidiaries amounting to a net asset of $nil (2012: net asset of $1.6m);

(vi) International Swap Dealer Association (ISDA) agreements of subsidiaries amounting to $49.1m (2012: $84.7m).

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 2013 (2012: nil).

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

As at 30 June 2013, the parent entity did not have any contractual commitments for the acquisition of property, plant or equipment (2012: nil).

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

(a) the consolidated financial statements and notes set out on pages 48 to 112 and the remuneration report in the Directors' report, set out on pages 22 to 45, 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 2013 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 2013.

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 L. Delaney

Chris Delaney
Managing Director and Chief Executive Officer

Steven Gregg
Chairman

14 August 2013

KPMG

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

Report on the financial report

We have audited the accompanying financial report of Goodman Fielder Limited (the company), which comprises the consolidated statement of financial position as at 30 June 2013, 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.

KPMG

Independence

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

Auditor's opinion

In our opinion:

(a) the financial report of the Group is in accordance with the *Corporations Act 2001*, including:

(i) giving a true and fair view of the Group's financial position as at 30 June 2013 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 23 to 45 of the directors' report for the year ended 30 June 2013. 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 2013, complies with Section 300A of the *Corporations Act 2001*.

KPMG

KPMG

Kevin Leighton
Partner

KPMG Sydney

14 August 2013