Goodman Fielder

Goodman Fielder Limited
ABN 51 116 399 430
75 Talavera Road
Macquarie Park, NSW, 2113
Phone: 02 8874 6000
Fax: 02 8874 6099
www.goodmanfielder.com.au

11 October 2007

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

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

Notice of Annual General Meeting and Annual Report

In accordance with the Listing Rules, I attach the following documents which will be despatched to shareholders today:

- Chairman's Letter; and
- Notice of 2007 Annual General Meeting and Proxy Form.

The Company's 2006/07 Annual Report (attached) will also be despatched by post today to those shareholders who have elected in writing to receive a paper copy.

The attached documents will be made available on Goodman Fielder's website www.goodmanfielder.com.au once released to the market.

Yours sincerely,

JONATHON WEST
Company Secretary

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Dear Shareholder,

2007 Annual General Meeting
It gives me great pleasure to invite you to Goodman Fielder's 2007 Annual General Meeting (AGM).

The AGM will be held in the **Auditorium, Melbourne Exhibition Centre, 2 Clarendon Street, Southbank, Melbourne, Victoria at 10.00am on Thursday, 22 November 2007**.

Your Notice of Meeting is enclosed, which details the business to be dealt with at the AGM, together with a personalised proxy form.

At this year's meeting, you will be asked to vote on the election of two Directors, Mr Clive Hooke and Mr Gavin Walker, who were appointed by the Board during the second half of the financial year. Mr Graeme Hart, who is retiring by rotation in accordance with the Company's Constitution, is also offering himself for re-election as a Director.

Mr Tim Hardman is retiring from the Board at the close of the AGM. His financial expertise and in-depth knowledge of the Company's operations have been invaluable to the Board in the initial stages of the Company's development as a listed entity, and we will miss his wise counsel. I thank him for his contribution to the Board and the Company.

This year's Notice of Meeting also contains resolutions to renew the proportional takeover provisions which currently appear in the Company's Constitution and to amend the Constitution to lengthen the time period for receipt of nominations of candidates for election as a Director of the Company. A detailed discussion of the reasons for these resolutions is set out in the Explanatory Notes accompanying the Notice of Meeting.

Subject to shareholder approval at this year's AGM, the Company also proposes to implement and make offers under two new employee share plans, a General Employee Share Plan (GESP) and a Performance Share Plan (PSP). The Explanatory Notes contain a summary of the offers made under the plans.

If you choose to attend the AGM, please bring the enclosed proxy form with you to speed your registration for entry to the meeting. If you are not able to attend the meeting, I encourage you to appoint someone to attend and vote on your behalf as your proxy.

Instructions on appointing a proxy and returning your proxy form are set out on the back of the proxy form. Proxy forms must be received by **10.00am, Tuesday, 20 November 2007** to be valid for the meeting.

The AGM will also be webcast live on the internet at *www.goodmanfielder.com.au*.

Sydney Information Meeting
For those shareholders who are unable to attend the AGM in Melbourne but would like to attend an information session conducted in Sydney on Tuesday, 4 December 2007, Peter Margin and I are pleased to advise that we will be making a presentation at 10.30am in Grand Ballroom II at the Shangri-La Hotel, 176 Cumberland Street, The Rocks, Sydney.

2006/07 Annual Report
For those shareholders who elected in writing to receive a paper copy, the Company's 2006/07 Annual Report is enclosed. Shareholders are also able to access the Annual Report on the Company's website *www.goodmanfielder.com.au*.

I look forward to seeing you at the AGM.

Yours sincerely,

Max Ould
Chairman

notice of 2007 annual general meeting

Goodman Fielder Limited ABN 51 116 399 430

The 2007 Annual General Meeting of shareholders of Goodman Fielder Limited ('the Company') will be held on Thursday, 22 November 2007 at 10.00am in the Auditorium, the Melbourne Exhibition Centre, 2 Clarendon Street, Southbank, Melbourne, Victoria.

Ordinary Business of the Company

1. Financial Statements and Reports
To receive and consider the Financial Report and the reports of the Directors and of the Auditor for the financial year ended 30 June 2007.

2. Election of Director – Mr Gavin Walker
To consider and, if thought fit, to pass the following resolution as an ordinary resolution of the Company:

'That Mr Gavin Walker, who has been appointed by the Directors since the last Annual General Meeting, and being eligible and having offered himself for election, be elected as a Director of the Company.'

3. Election of Director – Mr Clive Hooke
To consider and, if thought fit, to pass the following resolution as an ordinary resolution of the Company:

'That Mr Clive Hooke, who has been appointed by the Directors since the last Annual General Meeting, and being eligible and having offered himself for election, be elected as a Director of the Company.'

4. Re-election of Director – Mr Graeme Hart
To consider and, if thought fit, to pass the following resolution as an ordinary resolution of the Company:

'That Mr Graeme Hart, who retires by rotation at the close of the meeting, and being eligible and having offered himself for re-election, be re-elected as a Director of the Company.'

5. Remuneration Report
To consider and, if thought fit, to pass the following non-binding resolution as an ordinary resolution of the Company:

'That the Company's Remuneration Report for the financial year ended 30 June 2007 be adopted.'

Special Business of the Company

6. Renewal of Proportional Takeover Provisions in Constitution
To consider and, if thought fit, to pass the following resolution as a special resolution of the Company:

'That the proportional takeover approval provisions in Rule 6 of the Constitution of Goodman Fielder Limited be renewed for a period of three years from the date of the meeting convened by the Notice of Meeting.'

7. Amendment of Constitution – Time Period for Nomination of Directors
To consider and, if thought fit, to pass the following resolution as a special resolution of the Company:

'That the Constitution of the Company be amended by replacing the number '35' wherever it appears in Rules 8.1(l)(3) and (4) by the number '45'.'

8. Approval of General Employee Share Plan
To consider and, if thought fit, to pass the following resolution as an ordinary resolution of the Company:

'That approval be given for:

(a) the establishment and operation of a plan entitled the 'Goodman Fielder General Employee Share Plan' (GESP) for the provision of ordinary shares in Goodman Fielder Limited to employees of the Company and its subsidiaries; and

(b) the acquisition of ordinary shares in Goodman Fielder Limited by employees and the provision of benefits to those employees under the GESP,

in accordance with the rules of the GESP, as initialled by the Chairman for the purposes of identification and described in the explanatory notes to the Notice of Meeting.'

9. Approval of Performance Share Plan

To consider and, if thought fit, to pass the following resolution as an ordinary resolution of the Company:

'That approval be given for:

(a) the establishment and operation of a plan entitled the 'Goodman Fielder Performance Share Plan' (PSP) for the provision of equity incentives to senior executives of the Company and its subsidiaries whom the Board determines to be eligible to participate in the PSP; and

(b) the acquisition of ordinary shares in Goodman Fielder Limited by those senior executives and the provision of benefits to those executives under the PSP,

in accordance with the rules of the PSP, as initialled by the Chairman for the purposes of identification and described in the explanatory notes to the Notice of Meeting.'

Voting

The Company will disregard any votes cast on resolutions 8 and 9 by the Managing Director, Mr Margin, or his associates unless the vote is cast:

(a) by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or

(b) by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

By order of the Board

Jonathon West
Company Secretary
11 October 2007

Entitlement to attend and vote

The Board has determined, for the purposes of the meeting (including voting at the meeting), that only those persons who are registered holders of ordinary shares of the Company at 7.00pm (Sydney time) on Tuesday, 20 November 2007 will be treated as shareholders.

You may vote by attending the meeting in person or by proxy. If you are attending in person, please bring your personalised proxy form to the meeting to help speed admission.

Voting by proxy

If you are unable to attend the meeting, or do not wish to attend, you may appoint a proxy to attend and vote on your behalf.

A proxy need not be a shareholder. A shareholder can appoint an individual or body corporate as a proxy. If a body corporate is appointed as a proxy, that body corporate must ensure that it appoints a corporate representative in accordance with Section 250D of the *Corporations Act 2001* (Cth) to exercise its powers as proxy at the meeting.

If you return your proxy form, but do not nominate the identity of your proxy or if your nominated proxy does not attend the meeting, the Chairman of the Meeting will be your proxy.

A shareholder who is entitled to cast 2 or more votes may appoint up to 2 proxies and may specify the proportion or number of votes each proxy is appointed to exercise, failing which each may exercise half of the votes. An additional proxy form is available from the Company's share registry on request.

The Company's Constitution provides that, on a show of hands, every person present and qualified to vote has one vote. The Constitution also provides that where a shareholder appoints 2 proxies to vote, neither proxy may vote on a show of hands if both proxies attend the meeting. If a person present at the meeting represents more than one shareholder, on a show of hands that person is entitled to one vote only. As a result, your directions may not be effective on a show of hands, but will be effective if a poll is required and your proxy votes.

The following addresses are specified for the purposes of receipt of proxy appointments and any authorities under which proxy appointments are signed (or certified copies of those authorities):

Australia
Goodman Fielder Share Registry
Link Market Services Limited
Level 12, 680 George Street
Sydney NSW 2000 Australia
Locked Bag A14
Sydney South NSW 1235
Australia
Fax: (612) 9287 0309

New Zealand
Goodman Fielder Share Registry
Link Market Services Limited
Level 12, 120 Albert Street
Auckland New Zealand
PO Box 91976
Auckland 1030
New Zealand
Fax: (649) 375 5990

Please use the enclosed reply paid envelope to forward the completed proxy form by post.

Shareholders may also submit their proxy instructions electronically with Goodman Fielder's Share Registry by visiting the Company's website *www.goodmanfielder.com.au* and clicking on 'Links' on the home page, and then selecting the link for the Company's Share Registry.

To be effective, a proxy appointment and any authority under which the appointment is signed (or a certified copy of the authority) must be received by the Company at its registered office or by its share registry not later than 10.00am (AEDT) or 12.00 noon (NZDT) on Tuesday, 20 November 2007.

Please refer to the reverse side of the proxy form for more information concerning appointment of proxies.

Voting by attorney
A shareholder may appoint an attorney to vote on his/her behalf. For an appointment to be effective for the meeting, the instrument effecting the appointment (or a certified copy of it) must be received by the Company at its registered office or by its share registry not later than 10.00am (AEDT) or 12.00 noon (NZDT) on Tuesday, 20 November 2007.

Corporate representatives
A body corporate which is a shareholder, or which has been appointed as a proxy, may appoint an individual to act as its representative at the meeting. The appointment must comply with the requirements of Section 250D of the *Corporations Act 2001* (Cth). The representative should bring to the meeting evidence of his/her appointment, including any authority under which it is signed, unless it has previously been given to the Company.

explanatory notes

These Explanatory Notes provide shareholders with further information on the items of business to be considered at the Annual General Meeting of Goodman Fielder Limited to be held on Thursday, 22 November 2007.

An ordinary resolution requires a simple majority of votes cast by shareholders entitled to vote on the resolution. A special resolution must be passed by at least 75% of the votes cast by shareholders entitled to vote on the resolution.

Item 1: Financial Statements and Reports
The *Corporations Act 2001* (Cth) ('Corporations Act') requires the Financial Report (which includes the financial statements of the Company and the consolidated entity, notes to the financial statements and Directors' Declaration), the Directors' Report and the Auditor's Report to be laid before the Annual General Meeting. The Constitution of the Company provides for these reports to be received and considered at the meeting. There is no requirement either in the Corporations Act or the Constitution for shareholders to approve the Financial Report, the Directors' Report or the Auditor's Report. This item is intended to provide a reasonable opportunity for shareholders to raise questions on the reports and the management or performance of the Company generally. Shareholders will also have a reasonable opportunity to ask the auditor questions relevant to the conduct of the audit, the preparation and content of the auditor's report, the accounting policies adopted by the Company in relation to the preparation of the Company's financial statements and the independence of the auditor in relation to the conduct of the audit.

Item 2: Election of Director – Gavin Walker
Information about the candidate for election

Gavin Walker
Age 55, BCA, MIoD

Mr Walker has been a Director of the Company since 23 February 2007. He is the Chairman of the Corporate Risk Committee (appointed 21 June 2007) and a Member of the Audit Committee (appointed 21 June 2007).

Mr Walker has had a lengthy career in investment banking and was the Chief Executive of Bankers Trust Australia Investment Bank between 1996 and 1999. Prior to that, he held the position of Chief Executive Officer of Bankers Trust New Zealand Limited from 1986 to 1996.

Mr Walker is currently a Director of Lion Nathan Limited (appointed March 2000) and Zintel Group Limited (appointed June 2002), a telecommunications company listed on the New Zealand Alternative Exchange. He also served as Chairman of the New Zealand Foreign Direct Investments Advisory Board between 1995 and 1997 and is a former Director of Veda Advantage Limited (formerly Baycorp Advantage Limited), St Lukes Group Limited, the AMP Advisory Board New Zealand and the New Zealand Rugby Union.

If elected, Mr Walker will continue as a Director and will be subject to retirement by rotation under the Constitution of the Company.

The Directors (with Mr Walker abstaining) recommend that shareholders vote in favour of Mr Walker's election.

Item 3: Election of Director – Clive Hooke
Information about the candidate for election

Clive Hooke
Age 61, FCPA, FAICD

Mr Hooke was appointed a Director of the Company on 19 April 2007. He is currently Chairman of the Audit Committee (appointed 21 June 2007) and a Member of the Corporate Risk Committee (appointed 21 June 2007).

Mr Hooke has extensive experience as a 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 Finance and Strategy Director of Elders Australia Limited (now Foster's Group Limited) between 1982 and 1991.

Mr Hooke is currently the Chairman of Big Brothers – Big Sisters Australia Limited.

If elected, Mr Hooke will continue as a Director and will be subject to retirement by rotation under the Constitution of the Company.

The Directors (with Mr Hooke abstaining) recommend that shareholders vote in favour of Mr Hooke's election.

Item 4: Re-election of Director – Graeme Hart
Information about the candidate for re-election

Graeme Hart
Age 52, MBA

Mr Hart has been a Director of the Company since its incorporation on 26 September 2005. He is a Member of the Nomination Committee and the Remuneration Committee.

Mr Hart is currently the Chairman and a non-executive Director (appointed a Director in September 1997 and Chairman in September 2004) of Burns, Philp & Company Pty Limited (formerly Burns, Philp & Company Limited). Mr Hart is also a Director of Carter Holt Harvey Limited (appointed September 2005) and SIG Holding AG and the Managing Director and owner of Rank Group Limited, a private investment company.

If re-elected, Mr Hart will continue as a Director and will be subject to retirement by rotation under the Constitution of the Company.

The Directors (with Mr Hart abstaining) recommend that shareholders vote in favour of Mr Hart's re-election.

Item 5: Remuneration Report
The Company's Remuneration Report is set out on pages 40 to 47 of the 2006/07 Annual Report. The Remuneration Report details the remuneration policy of the Company and the remuneration paid or payable to Directors and named executives. It also sets out, among other things, the relationship between the remuneration of those individuals and the Company's performance.

This item is intended to provide a reasonable opportunity for shareholders to raise questions in relation to the remuneration of the Company's Directors and executives and the objectives and structure of remuneration for those individuals.

Section 250R(2) of the Corporations Act requires shareholders to vote on a resolution that the Remuneration Report be adopted. The vote on this resolution is advisory only and does not bind the Directors or the Company. However, the Board will take the outcome of the vote into consideration when reviewing the remuneration policy and practices of the Company.

The Directors recommend that shareholders vote in favour of this resolution.

Item 6: Renewal of Proportional Takeover Provisions in Constitution

Item 6 has been proposed to renew the provisions in Rule 6 of the Constitution dealing with proportional takeover bids for shares in the Company. The provisions are designed to assist shareholders to receive proper value for their shares if a proportional takeover bid is made for the Company, by prohibiting registration of transfers of shares acquired under the takeover bid unless shareholders pass a resolution approving the bid or a resolution is taken to have been passed.

Under section 648G of the Corporations Act and Rule 6.4 of the Constitution, the proportional takeover provisions must be renewed every three years or they will cease to have effect. The current provisions will cease to have effect on 25 September 2008 unless they are renewed by the proposed special resolution. If renewed, the proposed proportional takeover provisions will be in exactly the same terms as the existing provisions.

Effect of the provisions

If Rule 6 is renewed and a proportionate takeover bid is made for the ordinary shares in the Company, the Directors will be required to convene a general meeting of shareholders to vote on a resolution to approve the proportional takeover bid. The resolution must be voted on at least 15 days before the close of the bid period. The bidder and its associates are not entitled to vote on the resolution.

The resolution is taken to have been passed if approved by greater than 50% of the votes cast or if the resolution has not been voted on at least 15 days before the close of the bid. If the resolution is approved, transfers of shares to the bidder will be registered, provided the transfers comply with the other provisions of the Company's Constitution.

If the resolution is rejected by shareholders, the bid will be deemed withdrawn and registration of any transfer of shares resulting from the proportional bid will be prohibited. All acceptances will be returned and any contracts formed by acceptances will be rescinded.

If Rule 6 is renewed, it will expire after three years, unless further renewed by shareholders by special resolution.

Reasons for proposing the resolution

The Corporations Act provides for the inclusion of proportional takeover approval provisions in the Company's Constitution and their renewal by special resolution of a general meeting of shareholders.

The Directors believe that it is in shareholders' interests to continue to have the opportunity to vote on a proposed proportional takeover bid. If the provisions were not included in the Constitution, a proportional takeover bid for the Company might enable a bidder to obtain control of the Company without shareholders having the opportunity to dispose of all of their shares. Shareholders could be at risk of passing control to the bidder without payment of an adequate control premium for their shares, while leaving themselves part of the minority interests in the Company. The provisions give shareholders the opportunity to decide whether a proportional takeover bid should proceed. If it does proceed, individual shareholders can make their own decisions as to whether they wish to accept the offer for their shares.

Proposals to acquire/increase substantial interest in the Company

At the date of preparation of this notice, no Director of the Company is aware of a proposal by any person to acquire, or to increase the extent of, a substantial interest in the Company.

Review of advantages/disadvantages

During the period since incorporation of the Company, there have been no takeover bids for the Company, either proportional or otherwise, and therefore Rule 6 of the Constitution has not been applied. As a result, there are no examples against which to review the advantages or disadvantages of the existing proportional takeover provisions in Rule 6 for the Directors and shareholders of the Company. The Directors are not aware of any potential takeover bid that was discouraged by Rule 6.

Potential advantages/disadvantages

The provisions of Rule 6 enable the Directors to ascertain the views of shareholders in relation to a proportional takeover bid. Apart from this, the Directors consider that the proposed renewal of the proportional takeover provisions has no potential advantage or disadvantage for Directors because they remain free to make a recommendation as to whether a proportional takeover bid should be approved.

The potential advantages of the proportional takeover provisions for shareholders are:

- the provisions ensure that all shareholders (other than the bidder and its associates) will have an opportunity to consider a proportional takeover bid proposal and vote on whether it should be permitted to proceed;
- the requirement for shareholder approval should ensure that the terms of any future proportional bids are structured to be attractive to a majority of independent shareholders;
- the provisions may help shareholders avoid being locked in as a minority; and

- being aware of the views of the majority of shareholders may assist individual shareholders to assess the likely outcome of a proportional takeover bid and to decide whether to accept or reject the offer.

The potential disadvantages of the proportional takeover provisions for shareholders are:

- the takeover approval provisions may make a proportional takeover bid more difficult to achieve and therefore proportional bids may be discouraged;
- the provisions may reduce or deny the opportunity for shareholders to sell some of their shares at a premium and may reduce the impact of potential takeover speculation on the Company's share price;
- the provisions may be considered to constitute an additional restriction on the ability of shareholders to deal freely with their shares in the Company.

The Directors of the Company consider that the potential advantages for shareholders outweigh potential disadvantages and that renewal of the proportional takeover provisions is in the interests of shareholders.

The Directors recommend that shareholders vote in favour of this resolution.

Item 7: Amendment of Constitution

Item 7 has been proposed to allow the amendment of the Company's Constitution to specify a longer period of time prior to the Annual General Meeting for receiving nominations for the election of Directors.

ASX Listing Rule 14.3 provides for a closing date of 35 business days prior to the Annual General Meeting for receipt of nominations of candidates for election as Directors, unless the Company's Constitution specifies otherwise. Rules 8.1(l)(3) and and 8.1(l)(4) of the Constitution currently require the Company to be given notice of nominations for election of Directors at least 35 business days before a general meeting, or 30 business days in the case of a general meeting Directors have been requested by shareholders to call. These periods may be extended as permitted under the ASX Listing Rules.

It is proposed that Rules 8.1(l)(3) and 8.1(l)(4) be amended to increase the time period for receipt of nominations for election of Directors to 45 business days for all general meetings other than those which Directors have been requested by shareholders to call. The Directors of the Company consider that this increased period allows the Company sufficient time to print and distribute the Notice of Meeting to shareholders following expiry of the period by which nominations can be made, while not being so long as to deny shareholders a reasonable opportunity to nominate an individual for election as a Director.

The proposed amendment to the Constitution has been approved by New Zealand Exchange Limited (NZX). ASX has also confirmed that, in relation to compliance with the ASX Listing Rules, it has no objection to the proposed amendment to the Constitution.

The Directors recommend that shareholders vote in favour of this resolution.

Items 8 and 9: Approval of Employee Share Plans

The resolutions set out in items 8 and 9 of the Notice of Meeting seek shareholder approval for the establishment and operation of two new Goodman Fielder employee share plans. The Directors consider it prudent having regard to principles of good governance to ask for shareholder approval notwithstanding that shares to satisfy the entitlements of participants under the plans will be acquired on-market and not by way of the issue of new shares.

Copies of the rules of the plans are available for inspection at the Company's registered office and will be provided without charge to shareholders on request.

Goodman Fielder General Employee Share Plan

Establishment

The Goodman Fielder General Employee Share Plan (General Employee Share Plan or, alternatively, GESP) is a contribution plan, under which participants agree to forgo a proportion of their cash remuneration in return for ordinary shares in the Company to be acquired on their behalf on-market. Presently, the Board does not intend to make any contributions towards the acquisition of the shares.

The Board considers that the opportunities afforded to employees under the GESP to participate in the ownership of the Company will enhance the relationship between the Company and its employees (Australian and overseas) for their long-term mutual benefit by more closely aligning the personal objectives of the individual employee participants with the objectives of the Company.

Description

Under the General Employee Share Plan, eligible employees of the Company and its subsidiaries who have met their probationary period (typically, three months) can participate in the GESP. Employees may nominate an amount which will be deducted from their remuneration. The Company will then use these amounts to acquire ordinary shares on-market for those employees, with all benefits of share ownership such as dividends. Employees must not transfer their shares into their own name until the earlier of three years after acquiring the shares (or with agreement by the Company, for a longer period of up to 10 years) and the employee leaving employment with the Goodman Fielder Group.

Participation in the Plan is extended to employees in certain overseas jurisdictions. The GESP will operate on a similar basis to that described above, although there may be slight adaptation to accommodate the requirements of local tax laws and regulatory conditions.

The Board supervises the administration of the GESP and has the right to suspend or terminate the GESP at any time. Suspension or termination of the plan will not affect participants' rights or entitlement to shares already held under the GESP.

It is intended that Mr Margin, the Company's Managing Director, participate in the plan if he chooses to do so.

Goodman Fielder Performance Share Plan

Establishment

The Board has reviewed the Company's existing executive arrangements having regard to the Company's business challenges and market practices in remuneration and reward strategies. The Goodman Fielder Performance Share Plan (Performance Share Plan or, alternatively, PSP) is a key initiative specifically aimed at encouraging executive retention and promoting the alignment between executive pay and Company performance. Previously, incentives were comprised solely of cash payments based on annual targets. The PSP provides a mechanism for replacing part of the incentive structure with a long-term equity-based component.

Under the PSP, eligible employees (typically limited to those individuals who have the capacity to make a significant contribution to the Company's long-term performance) may receive or be entitled to receive an allocation of ordinary shares in the Company. The Shares will be obtained by way of on-market purchase so that there is no dilution to existing shareholders.

At the discretion of the Board, the shares or the entitlement to receive an allocation of shares may be subject to time and/or performance related vesting criteria, as well as disposal restrictions.

To date, no shares have been acquired by employees under the PSP. Two offers have been made subject to shareholder approval:

(a) selected employees are entitled to receive an allocation of shares subject to Company performance meeting budgeted profit for the 2007 financial year and provided they remain employed with a company within the Goodman Fielder Group for a period of approximately one year after announcement of the Company's financial results for the year ended 30 June 2007 (except in cases of retirement and redundancy);

(b) selected employees, including the Managing Director, are entitled to receive an allocation of shares subject to the Company achieving its targets for growth in Earnings Per Share and Return on Capital Employed for a three-year financial period ending on 30 June 2010 and those employees remaining with a company within the Goodman Fielder Group until the shares are acquired on-market and allocated to them.

Earnings Per Share is calculated by dividing the Company's net profit from continuing operations attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares on issue throughout the year. Return on Capital Employed is calculated as earnings before interest and tax divided by the difference between total assets and total liabilities (excluding cash, borrowings, and tax related assets and liabilities).

Under the terms of each offer, the selected employees and Goodman Fielder could agree to impose or extend a disposal restriction period of up to the earlier of seven years or until the participant leaves the employment of the Goodman Fielder Group. In relation to shares held on behalf of the participant, the participant will have the same entitlements as other ordinary shareholders.

If employment is terminated due to retirement or redundancy, the participant may be entitled to a pro-rata allocation of shares having regard to the period of time which has elapsed. In other cases, the shares or entitlement to the allocation of shares will be forfeited.

Shares or an entitlement to receive an allocation of shares may be forfeited as a result of the participant committing any act of fraud or defalcation or gross misconduct.

If there is a change in control of the Company, the participant will become entitled to a time-based pro-rata allocation of shares. At its discretion, the Board may make a cash payment in lieu or arrange for shares in the new parent or merged entity based on the takeover price.

The Board supervises the administration of the PSP and has the right to suspend or terminate the plan at any time. Suspension or termination of the PSP will not affect participants' rights or entitlement to shares under PSP offers already made.

It is intended that the Managing Director participate in and acquire shares in Goodman Fielder Limited under the PSP, subject to the attainment of the relevant performance and tenure conditions in respect of the acquisition of those shares in accordance with the rules of the PSP.

The Directors (with Mr Margin abstaining due to his personal interest in the matters under consideration) recommend that shareholders vote in favour of each of the resolutions.

Goodman Fielder

GOODMAN FIELDER LIMITED
ABN 51 116 399 430

Please return your Proxy forms to:
Link Market Services Limited
Level 12, 680 George Street, Sydney NSW 2000
Locked Bag A14, Sydney South NSW 1235 Australia
Telephone: (02) 8280 7995
From outside Australia: +61 2 8280 7995
Facsimile: (02) 9287 0309
ASX Code: GFF
Website: www.linkmarketservices.com.au

You can also lodge your vote on-line at www.linkmarketservices.com.au

APPOINTMENT OF PROXY

If you would like to attend and vote at the Annual General Meeting, please bring this form with you. This will assist in registering your attendance.

X99999999999

I/We being a member(s) of Goodman Fielder Limited and entitled to attend and vote hereby appoint

A the **Chairman of the Meeting (mark box)** ☐ **OR** if you are **NOT** appointing the Chairman of the Meeting as your proxy, please write the name of the person or body corporate (excluding the registered securityholder) you are appointing as your proxy

or failing the person/body corporate named, or if no person/body corporate is named, the Chairman of the Meeting, as my/our proxy to act generally at the meeting on my/our behalf and to vote in accordance with the following instructions (or if no directions have been given, as the proxy sees fit) at the Annual General Meeting of the Company to be held at 10:00am on Thursday, 22 November 2007, in the Auditorium, Melbourne Exhibition Centre and at any adjournment of that meeting.

Where more than one proxy is to be appointed or where voting intentions cannot be adequately expressed using this form an additional form of proxy is available on request from the share registry. Proxies will only be valid and accepted by the Company if they are signed and received no later than 48 hours before the meeting. The Chairman of the Meeting intends to vote undirected proxies in favour of all items of business.

if the Chairman of the Meeting is appointed as your proxy by default and you have not directed your proxy how to vote, the Chairman will not cast your votes on the resolution.

B To direct your proxy how to vote on any resolution please insert ☒ in the appropriate box below.

	For	Against	Abstain*
Item 2 Election of Director – Mr Gavin Walker	☐	☐	☐
Item 3 Election of Director – Mr Clive Hooke	☐	☐	☐
Item 4 Re-election of Director – Mr Graeme Hart	☐	☐	☐
Item 5 Remuneration Report	☐	☐	☐
Item 6 Renewal of Proportional Takeover Provisions in Constitution	☐	☐	☐
Item 7 Amendment of Constitution – Time Period for Nomination of Directors	☐	☐	☐
Item 8 Approval of General Employee Share Plan	☐	☐	☐
Item 9 Approval of Performance Share Plan	☐	☐	☐

* If you mark the Abstain box for a particular Item, you are directing your proxy not to vote on your behalf on a show of hands or on a poll and your votes will not be counted in computing the required majority on a poll.

C SIGNATURE OF SECURITYHOLDERS – THIS MUST BE COMPLETED

Securityholder 1 (Individual)	Joint Securityholder 2 (Individual)	Joint Securityholder 3 (Individual)
Sole Director and Sole Company Secretary	Director/Company Secretary (Delete one)	Director

This form should be signed by the securityholder. If a joint holding, either securityholder may sign. If signed by the securityholder's attorney, the power of attorney must have been previously noted by the registry or a certified copy attached to this form. If executed by a company, the form must be executed in accordance with the securityholder's constitution and the *Corporations Act 2001* (Cwlth).

Link Market Services Limited advises that Chapter 2C of the *Corporations Act 2001* requires information about you as a securityholder (including your name, address and details of the securities you hold) to be included in the public register of the entity in which you hold securities. Information is collected to administer your securityholding and if some or all of the information is not collected then it might not be possible to administer your securityholding. Your personal information may be disclosed to the entity in which you hold securities. You can obtain access to your personal information by contacting us at the address or telephone number shown on this form. Our privacy policy is available on our website (www.linkmarketservices.com.au).

GFF PRX741

How to complete this Proxy Form

1 Your Name and Address

This is your name and address as it appears on the company's share register. If this information is incorrect, please make the correction on the form. Shareholders sponsored by a broker should advise their broker of any changes. **Please note: you cannot change ownership of your shares using this form.**

2 Appointment of a Proxy

If you wish to appoint the Chairman of the Meeting as your proxy, mark the box in section A. If the person you wish to appoint as your proxy is someone other than the Chairman of the Meeting please write the name of that person in section A. If you leave this section blank, or your named proxy does not attend the meeting, the Chairman of the Meeting will be your proxy. A proxy need not be a shareholder of the company. A proxy may be an individual or a body corporate.

3 Votes on Items of Business

You should direct your proxy how to vote by placing a mark in one of the boxes opposite each item of business. All your shares will be voted in accordance with such a direction unless you indicate only a portion of voting rights are to be voted on any item by inserting the percentage or number of shares you wish to vote in the appropriate box or boxes. If you do not mark any of the boxes on the items of business, your proxy may vote as he or she chooses. If the Chairman of the Meeting is appointed as your proxy by default and you have not directed your proxy how to vote, the Chairman will not cast your votes on the resolution. If you mark more than one box on an item your vote on that item will be invalid.

4 Appointment of a Second Proxy

You are entitled to appoint up to two persons as proxies to attend the meeting and vote on a poll. If you wish to appoint a second proxy, an additional Proxy Form may be obtained by telephoning the company's share registry or you may copy this form.

To appoint a second proxy you must:

(a) on each of the first Proxy Form and the second Proxy Form state the percentage of your voting rights or number of shares applicable to that form. If the appointments do not specify the percentage or number of votes that each proxy may exercise, each proxy may exercise half your votes. Fractions of votes will be disregarded.

(b) return both forms together.

5 Signing Instructions

You must sign this form as follows in the spaces provided:

Individual:	where the holding is in one name, the holder must sign.
Joint Holding:	where the holding is in more than one name, either securityholder may sign.
Power of Attorney:	to sign under Power of Attorney, you must have already lodged the Power of Attorney with the registry. If you have not previously lodged this document for notation, please attach a certified photocopy of the Power of Attorney to this form when you return it.
Companies:	where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the *Corporations Act 2001*) does not have a Company Secretary, a Sole Director can also sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please indicate the office held by signing in the appropriate place.

If a representative of the corporation is to attend the meeting the appropriate "Certificate of Appointment of Corporate Representative" should be produced prior to admission. A form of the certificate may be obtained from the company's share registry.

Lodgement of a Proxy

This Proxy Form (and any Power of Attorney under which it is signed) must be received at an address given below by 10:00am (AEDT) or 12:00 noon (NZDT) on Tuesday, 20 November 2007, being not later than 48 hours before the commencement of the meeting. Any Proxy Form received after that time will not be valid for the scheduled meeting.

Proxy forms may be lodged using the reply paid envelope or:

– by posting, delivery or facsimile to Goodman Fielder Limited's share registry as follows:
  Goodman Fielder Limited
  C/- Link Market Services Limited
  Locked Bag A14
  Sydney South NSW 1235
  Facsimile: (02) 9287 0309

– lodging it online at Link's website (www.linkmarketservices.com.au) in accordance with the instructions given there (you will be taken to have signed your proxy form if you lodge it in accordance with the instructions given on the website);

– delivering it to Level 12, 680 George Street, Sydney NSW 2000.

Goodman Fielder

Goodman Fielder annual report 06/07

going for growth

Goodman Fielder Limited ABN 51 116 399 430

Vogel's and Paul Newman's Own trademarks used under licence.

Goodman Fielder is Australasia's leading listed food company

The Company has an excellent portfolio of well known consumer brands in some of Australasia's largest grocery categories, including Meadow Lea, Praise, Copperpot, White Wings, Pampas, Mighty Soft, Helga's, Wonder White, Vogel's (under licence), Meadow Fresh and Irvines.

Our products cover every meal occasion, including breakfast, lunch, dinner and snacks. We produce and market bread, milk, margarine, flour, dressings, condiments, dips, mayonnaise, frozen pastry, cake mix, pies, savouries, smallgoods, chilled and frozen pizza, desserts, sauces, vinegar and cooking oils.

Goodman Fielder is also the largest supplier of edible fats and oils to Australian and New Zealand food manufacturers and wholesalers and the largest supplier of flour to New Zealand commercial customers.

Goodman Fielder has No. 1 or No. 2 positions in most of the larger product categories in which it competes. This leading product offering is supported by a large scale, efficient distribution network that enables delivery of the Company's products to over 30,000 outlets every day including supermarkets, route outlets and food service customers.

The Company is headquartered in Australia and employs over 7,000 people in Australasia and the Pacific Islands. We manufacture our products in almost 60 plants in Australia, New Zealand, Papua New Guinea, Fiji and New Caledonia.

We sell our products into two key markets:

- Retail Grocery Market. We supply branded and private label packaged baked goods, spreads, dairy products, smallgoods, sauces, dressings and condiments, convenience foods and various other grocery products to supermarkets and convenience stores (including service stations).
- Commercialand Food Services Market. We supply bulk and packaged edible fats and oils and flour products to food manufacturers and wholesalers in both branded and unbranded format.

acquisitions

October 2005
La Famiglia

December 2005
New Zealand Dairy Foods

July 2006
Country Life Bakery

September 2006
Northern Bakeries

February 2007
La Biscuitière

March 2007
River Mill Bakeries

April 2007
Copperpot

July 2007
Oilstream Transpacific JV

vision, mission values charter

We are a leading Australasian food company.
Our purpose is to create long-term value for our stakeholders.

We are successful in creating value when:
- Our shareholders realise a superior return on their investment
- Our customers and suppliers benefit from our trading relationships
- Our employees are fulfilled with a sense of achievement and recognition
- Our consumers are passionate about our products and brands

Our core values are based on:
- Honesty and integrity
- Innovation and responsiveness to our customer needs
- An unwavering focus on health and safety
- The courage to lead change
- Excellence over mediocrity
- A drive to continually improve our cost platform
- Environmental and social responsibility

July 2007
Grate Kiwi
Cheese Co. JV

July 2007
IDP
Mainland

January 2008
GF: Puratos Alliance

financial highlights

	FY2007	FY2006[1]	Variation
Revenue	$2,426.7m	$2,379.0m	+2.0%
EBITDA	$444.1m	$413.1m	+7.5%
EBIT	$388.9m	$360.1m	+8.0%
NPAT (incl. OEI)	$243.2m	$197.5m	+23.1%
EPS	18.1c	14.7c	+23.1%
Dividend	13.5c	5.5c (½ year)	

[1] The FY2006 results presented above have been prepared on a pro forma basis so as to include a full 12 month performance. The pro forma numbers have not been audited.

Sales

EBITDA

Another solid result with profit up by 23%

In its first full year as a publicly listed company, Goodman Fielder has recorded another solid earnings performance with most businesses performing above expectations.

Net profit for the 2007 financial year was $243.2 million, an increase of $45.7 million or 23% on the previous year.[1]

Goodman Fielder is Australasia's leading publicly listed food company, with an excellent portfolio of well known consumer brands in some of the region's largest grocery categories.

The Company enjoys No. 1 or No. 2 positions in most of the large product categories in which it competes and is supported by a large and efficient logistics network that distributes daily to 30,000 customers in Australia, New Zealand and the Pacific Islands.

Solid Result

The Company's businesses generally performed well with revenue increasing by 2% from the prior year to $2,426.7 million[1]. Earnings before interest, tax, depreciation and amortisation (EBITDA) also grew, up by 7.5% to $444.1 million.[1]

The result includes restructuring and integration costs of $13.0 million (post tax) and foreign exchange gains of $34.1 million (post tax). This delivers a normalised NPAT of $222.1 million.

The year was marked by particularly strong performances from GF Fresh Baking and GF Commercial, which continued the momentum established over the past two years.

The GF Home Ingredients business in Australia also performed well but it was held back overall by a weaker first half performance in New Zealand.

The year was marked by substantial increases in commodity prices that significantly increased the company's cost base. However these increases were actively managed, with margins being maintained as a result of successful cost recovery in the marketplace.

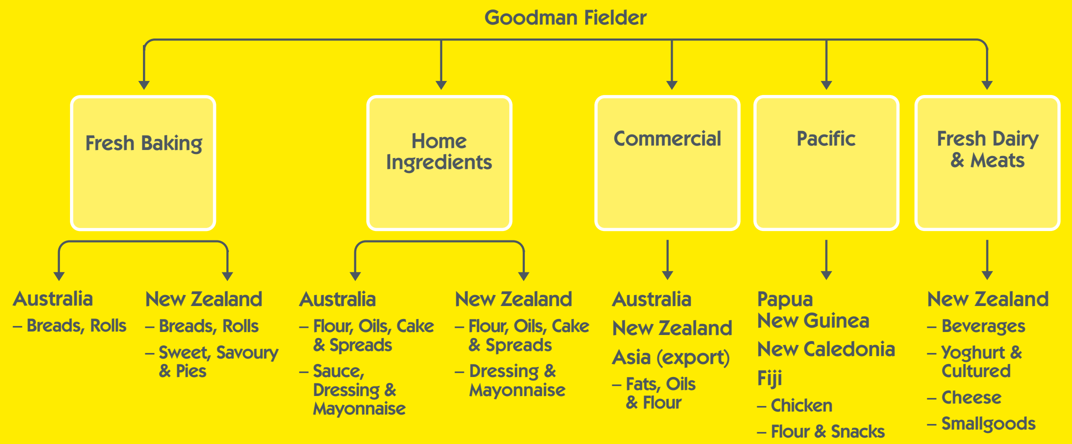
Following a disappointing performance from our New Zealand dairy business in the previous financial year, and a slow start to the 2006/07 year as a result of changes in the marketplace, the business was substantially restructured. These changes, which included a more focused management structure under new leadership, began to take effect in the second half and the business finished the year in a much improved position.

Acquisitions

The Company has continued on its growth path and made several key acquisitions during the year.

As reported in the 2006 Annual Report, Goodman Fielder acquired several key niche bakery brands including Country Life Bakery, Flinders Bread, Moores and Early Harvest Specialty Breads, along with a specialist bakery plant in outer Melbourne.

FY2007 operating structure



In the second half the Company entered the fast growing dips market in Australia with the acquisition of the Copperpot food business. Copperpot is a market leader and produces and markets premium dips, yoghurt and pate under brands such as Copperpot, Attiki and Palmyra. The business has a new processing plant in northern Adelaide.

In New Zealand, the Company acquired Northern Bakeries, River Mill Bakeries and Canterbury Flour Mills during the year.

These acquisitions have allowed Goodman Fielder to extend its reach in the Australian and New Zealand domestic markets. All acquisitions have now been successfully integrated into the company's existing operations.

Since year end Goodman Fielder has acquired the dairy business of the New Zealand company IDP Mainland Limited (IDP). IDP produces milk under the Cow & Gate brand and the acquisition extends Goodman Fielder's presence in the New Zealand route trade.

Manufacturing Consolidation

The Company made significant progress during the year on its plan to increase manufacturing efficiency by consolidating its manufacturing assets across its portfolio.

The Company has closed a number of older plants and is progressively restructuring its production platform to focus on high volume, low complexity plants supported by a number of specialised batch plants. The company will continue to invest capital to develop a world class production base and to become the lowest cost manufacturer in the industry.

Other Business Developments

Goodman Fielder continued to divest non-core assets in the period with the sale of PIC New Zealand. This business operated the leading pig genetics business in New Zealand and also sold pigs for bacon production.

During the year the Company announced that it was intending to acquire the majority share of the Arnott's biscuits business in Papua New Guinea. However it was eventually decided not to proceed with the acquisition as several important pre-conditions to the deal were not satisfied. Nevertheless, the company remains attracted to the Papua New Guinea snacks and biscuit market and is examining other opportunities.

Also during the year the Company confirmed the final consideration payable to the Rank Group for the acquisition of New Zealand Dairy Foods Holdings as NZ$869.591 million. This figure was composed of a base amount and an earn out amount.

Since year end, the Company announced that it had been awarded a milk supply contract with Progressive Stores that represented over 30 million litres of additional milk volume per annum. As well, Progressive Stores are now stocking Goodman Fielder's Meadowfresh branded milk as the major proprietary milk brand in the majority of their stores.

Also since year end, the Company has entered into a joint venture with The Grate Kiwi Cheese Company for the cutting and packaging of retail cheeses for the New Zealand market.

Restructure of NZ Businesses

Early in the second half of the financial year the Company announced a restructure of its New Zealand businesses. The dairy, baking and home ingredients businesses were separated and are now operated as discrete units.

The dairy business was placed under a newly appointed Managing Director GF Fresh Dairy while the baking and home ingredients businesses report respectively to the Managing Director GF Fresh Baking and the Managing Director GF Home Ingredients. These changes have refocused the New Zealand businesses, with the result that they are now performing at a much more acceptable level with further improvements expected.

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Appointments

During the year the Board appointed two new independent non-executive Directors, Mr Gavin Walker and Mr Clive Hooke. Mr Walker has a background in investment banking at chief executive level and has extensive business experience in New Zealand. Mr Hooke is a former Chief Financial Officer of a publicly listed food company and has broad experience in the Australian corporate environment.

At executive level, the Company appointed David Clark as Human Resources Director, David Goldsmith as Chief Financial Officer and David Glik as Managing Director of GF Fresh Dairy.

Safety

Goodman Fielder is committed to the health and safety of its employees and contractors and promotes safety as one of its core values. Prevention of injuries through the identification and proactive remediation of perceived occupational health and safety risks is an integral part of the Group's safety program.

No employee fatalities occurred during the year and 22 sites achieved significant safety milestones.

One of the key measures of safety performance of the Group, the lost time injury frequency rate, has improved by 32% when compared to the Group's equivalent businesses last year to a food industry top quartile performance of 6.5 injuries per million man-hours worked. In addition, there was a 49% decrease in employee absences due to workplace injuries.

During the period, considerable effort was made to reduce the frequency of injuries which require medical treatment, or which result in work restrictions, and the significant injury frequency rate improved by 23% compared with the prior year.

Finance

Under the leadership of a new Chief Financial Officer, appointed April 2007, the Company focused on ensuring that it had the most appropriate skill set in place in its corporate taxation, internal audit, treasury and financial reporting functions.

During the period, a formalised set of Treasury Policy Statements that better reflect the Company's foreign exchange, debt and interest rate management, and commodity price risk management requirements was also adopted. As well, a new regime of key performance indicator reporting, with a strong focus on return on capital employed, was developed and then implemented across the Company.

Information Technology

The IT group integrated five acquisitions and two existing businesses into the Company's core Enterprise Resource Planning (ERP) systems. This has allowed an older ERP system to be retired. Activities continue with three further businesses to be integrated.

The Company has also established a business-to-business IT solution with one of the Company's major grocery chain customers. This has resulted in significant efficiency gains with all ordering, invoicing, supply, stock control and payments now being automatically documented and communicated electronically. It is anticipated that this system will now be introduced into other trading relationships.

A standardised trade promotion management tool, previously introduced into the Australian baking business, is being implemented across the rest of the business to provide greater visibility and insight into trade promotions expenditure.

Human Resources

Over the year the major focus was on establishing the human resources function under the leadership of a new Human Resources Director appointed at the beginning of the period. The function has been reoriented to concentrate on developing the policies and processes required to support the ongoing growth of the Company.

In particular, significant work was undertaken in the areas of succession planning, talent assessment and retention, leadership, and improvement in change management capability.

We continued to maintain a disciplined approach to employee relations to ensure fair and balanced outcomes for employees and the Company.

Environment

During the financial year the Group continued its program of environmental improvement at its manufacturing locations, including participation in several Federal and State government environmental programs. In addition, a number of plants prepared Water Efficiency Management Plans to reduce water usage.

The Company continues to improve its risk management program and environmental risks and impacts are continually assessed to ensure that the appropriate environmental controls have been implemented and are effective.

The waste produced at all the Company's sites is closely monitored and the focus of the Company's corporate waste management program during the next financial period will be to further increase the rate at which waste bread is diverted from landfill.

In addition, Goodman Fielder was nominated as a climate change leader in the Food Industry in Australia and New Zealand on the basis of its response to the Carbon Disclosure Project.

GF in the Community

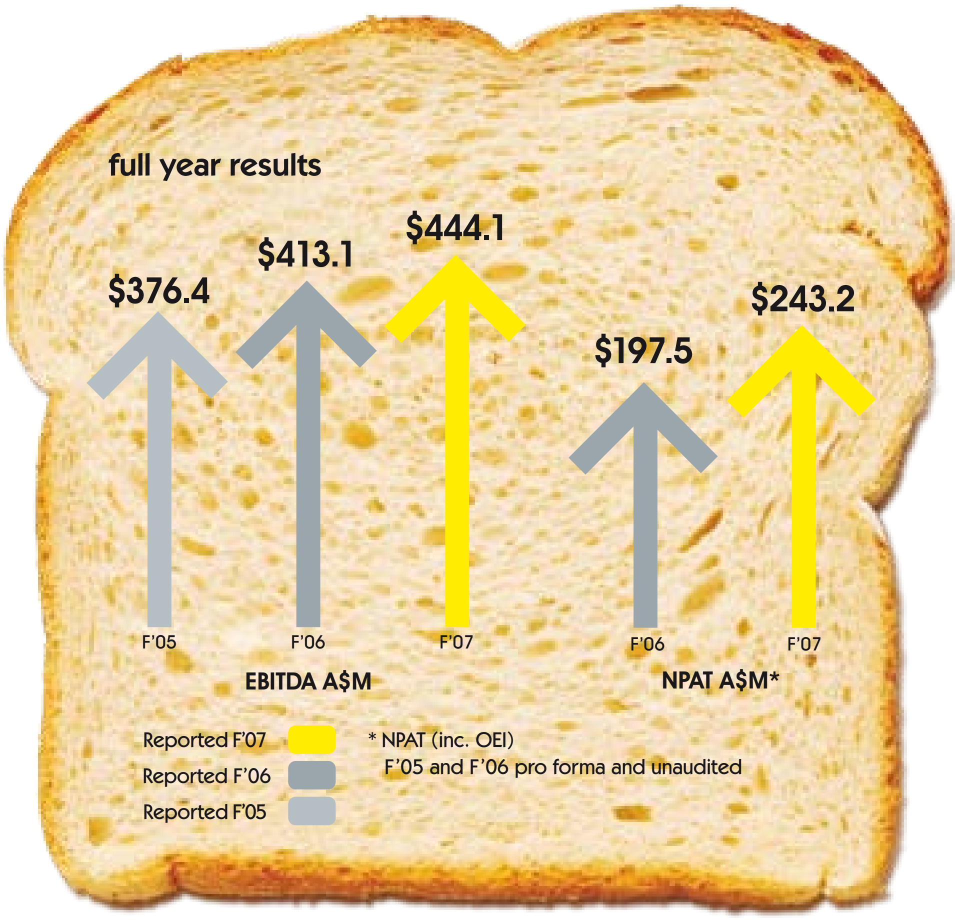
The Company supports a range of charitable organisations in the communities in which it operates, including regular and ongoing food donations to Foodbank in all Australian States. Foodbank is a not-for-profit, non-denominational organisation that seeks and distributes food and grocery industry donations to welfare agencies which feed the hungry.

Outlook

The Company is performing solidly in the first quarter of the new financial year and is well positioned to deliver further profit improvement for the 2007/08 year.[2]

2 Compared with the normalised 2006/07 result.

Peter Margin Managing Director and Chief Executive Officer 28 August 2007	**Max Ould** Chairman 28 August 2007



Fresh Baking

GF Fresh Baking is one of the largest bakers in Australia and the largest in New Zealand, with household brands and leading market shares in almost all the segments in which it competes.

	FY2007[2]	FY2006[1]	Variation
Sales	$960.9m	$919.7m	+4.5%
EBITDA	$175.9m	$144.7m	+21.6%
EBIT	$150.9m	$125.0m	+20.7%

The Company's Fresh Baking division had an excellent year with a 21.6% increase in EBITDA on the prior year to $175.9 million.[1,2]

This strong result continues the trend of successive good performances from the baking business.

Commodity costs rose to record levels during the year as a result of international pricing increases and the effects of the severe Australian drought. As well, the Company incurred cost increases in fuel, packaging, oils and labour costs.

As this had a significant impact on the overall cost base of the business, the focus during the period was to ensure that all increases were recovered through a combination of price increases and internal cost reductions. That the business was able to successfully manage its cost base during an extremely volatile period is evidence of a high level of management expertise and focus on cost control and recovery.

In Australia, the manufacturing function has been reorganised under new leadership and the Company is moving to a production platform focusing on high volume, low complexity plants supported by a number of specialised plants to cater for more complex lower volume products. Four regional plants were closed to retire redundant capacity and volumes relocated to other more efficient plants.

During the year a number of new products were launched into the market, including a new Wonder White bread variant containing seven minerals and vitamins, and a Wonder White wholemeal bread that has the smooth texture of white bread. As well, the Vogel's brand was extended into Queensland with manufacturing capacity installed locally to ensure freshness.

The highly successful thick fruit loaf was extended nationally and a second flavour was added to this particular line. A major private label contract had its duration and scope extended.

Market shares in loaf bread in the supermarket chains remained solid during the financial year at 37% of value.

The trend to healthier eating alternatives continued during the year with the Company's share of these higher margin categories increasing from 46.3% to 47.9% over the period in a growing market segment. This trend sustains the strong category value growth trend.

The Country Life specialty baking business in Victoria was acquired during the year and has since been integrated and is performing to expectations.

In New Zealand the Fresh Baking business had a relatively poor start to the year but experienced a better second half and finished the year strongly. As in Australia, commodity and other costs rose steeply and affected business results negatively, but price increases and cost reduction strategies were successfully implemented in the second half and returned the business performance to more acceptable levels. The business was also reorganised along functional lines under new leadership and two non-essential manufacturing plants were closed.

Acquisitions during the year in New Zealand included Northern Bakeries and River Mill Bakeries and these are performing well following integration.

In the next financial year the GF Fresh Baking business will focus on new product development, with a renewed emphasis on innovation and launches of several new products planned. The focus on business efficiency and cost reduction will continue with the adoption of a new supply chain strategy aimed at optimising in-bound and out-bound logistics.

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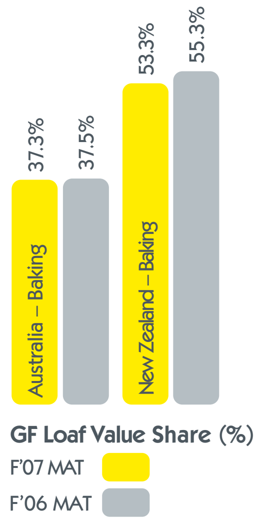
2 Divisional results have been normalised to exclude the impact of significant and one-time items.



GF Loaf Value Share (%)

Source: Aztec
Note: Total GF Loaf in Australia

Home Ingredients

GF Home Ingredients is a leading supplier of consumer food products to supermarkets in Australia and New Zealand, with strong established brands holding leadership positions in multiple categories.

	FY2007[2]	FY2006[1]	Variation
Sales	$367.6m	$342.5m	+7.3%
EBITDA	$91.1m	$88.7m	+2.7%
EBIT	$89.0m	$87.3m	+1.9%

The business recorded a 2.7% increase in EBITDA on the prior year to $91.1 million.[1,2]

In Australia the business has performed strongly during the year within the seven major categories in which it competes: spreads, dressings and mayonnaise, flour, frozen pastry, cooking oils, cake mixes and vinegar. In all of these, the business grew its market share significantly and outperformed the market.

The business concentrated on forging and maintaining strong retail partnerships during the period and is clearly focused on meeting customer needs and consumer preferences.

The Company continues to leverage off the strength of its existing brands by extending their reach into new products. The Company's successful Logicol spreads brand, that can help lower cholesterol absorption, was extended during the year to a new yoghurt range. As well, the Company launched a spreadable butter product under the Helga's brand, leveraging its strength in the bread category.

In New Zealand, the GF Home Ingredients business did not perform up to expectations in the first half of the year. However a reorganisation early in the second half resulted in an improved performance with the business ending the year strongly. Operations in New Zealand are now better aligned with those in Australia. The Australasian marketing and technical functions are located centrally while sales forces are positioned locally close to customers.

The Copperpot business, which was acquired during the year, has now been fully integrated. This acquisition has provided the business with a competence in shorter shelf life and chilled products which can be leveraged into other areas.

Going forward there will be a continuing emphasis on the ambient and frozen product segments to maintain market share growth in these categories. Incrementally to this, the Company will pursue expansion in the supermarket chiller with spreadable butter, dips and expanded yoghurt offerings to complement the existing spreads business.

The business will continue to work closely with major retailers to pursue the opportunity for achieving logistics efficiencies, specifically through the development and execution of shelf-ready packaging solutions, consistent with the Company's obligations under the National Packaging Covenant.

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Australia – Home Ingredients GF Value Share (%)

Source: Aztec

Commercial

GF Commercial is the largest supplier of edible fats and oils to the Australasian food industry and flour to the New Zealand food industry. The business also exports fats and oils to Asia.

	FY2007[2]	FY2006[1]	Variation
Sales	$524.5m	$498.6m	+5.2%
EBITDA	$82.4m	$74.6m	+10.5%
EBIT	$69.2m	$58.4m	+18.5%

The business recorded a 10.5% increase in EBITDA on the prior year to $82.4 million.[1,2] This result follows a similar solid performance in the prior year.

The Commercial business has maintained the momentum established over the past three years despite increases in commodity costs. Commodity prices over the period were at historically high levels.

Despite these cost pressures, the business was able to recover the increases in the market place through quarterly price reviews and through operational improvements, particularly in the supply chain.

The focus continues to be on developing and marketing healthy oils. The Company is well positioned to meet increasing consumer demands for healthy food solutions through the development of a number of lower saturated fat and virtually trans-free products during the year.

Exports into Asia increased strongly during the year continuing the recent trend. This followed a further increase in sales support investment and the launch of a range of dairy products in the region. However returns from the region were impacted by the strengthening Australian dollar.

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Champion CRISCO ETA PILOT

Our products are available in around 30,000 outlets throughout Australia and New Zealand

Fresh Dairy

GF Fresh Dairy is a leading player in the New Zealand dairy industry with some of the country's most recognised brands in specialty cheese, milk and cultured products.

	FY2007[2]	FY2006[1]	Variation
Sales	$393.4m	$439.8m	-10.6%
EBITDA	$61.4m	$82.2m	-25.3%
EBIT	$50.5m	$70.8m	-28.7%

The business recorded a 25.3% decrease in EBITDA on the prior year to $61.4 million.[1,2]

The business did not perform to expectations in the first half of the financial year but, following an operational reorganisation midway through the year, the business closed the year in a much improved position. The restructure resulted in greater accountability with the New Zealand dairy assets being split out as a stand alone division under the leadership of a newly appointed Managing Director.

During the year the fresh milk business experienced difficult conditions with considerable downward pressure on retail pricing, followed by a substantial reduction in retail pricing of supermarket house brand milk. There was also a significant increase in raw milk pricing. Despite these pressures brand share remained stable.

Since year end, the Company announced that it had entered into an agreement to acquire the business of IDP Mainland Limited (IDP), which will increase Goodman Fielder's presence in the route trade where IDP sells its Cow & Gate brand milk.

The Company has also been awarded a milk supply contract with one of New Zealand's largest supermarket chains. The contract is anticipated to involve the supply of over 30 million litres of house brand milk per annum. The chain will also stock the Company's Meadow Fresh milk as the major proprietary milk brand in the majority of its stores.

In the chilled dairy category, the Company performed strongly and recorded a significant increase in market share following a successful relaunch of its yoghurt range. This resulted in the business claiming the number two position in the category for the last quarter of the financial year.

The success of Activate, a functional food probiotic yoghurt, also contributed to this good result. Activate has grown strongly since it was launched onto the market in 2005 and is now the segment leader with a commanding market share.

In the high growth specialty cheese category, the Company has the leading share although the market experienced downward pressure on prices during the year resulting from other players trying to win market share. As well, difficulties with cheese supply impacted customer service in the first half.

The Company recently completed an upgrade of its Puhoi Valley specialty cheese plant and commenced a brand relaunch early in the new financial year.

In the block consumer cheddar cheese category where the Company had been experiencing some supply difficulties, a new strategic partnership has been formed with The Grate Kiwi Cheese Company (GKC) for the cutting and wrapping of retail cheeses. The company will be investing limited capital in the joint venture which will be used to install specialist cutting and wrapping equipment in GKC's Auckland plant.

Going forward the Company will be pursuing growth in all of its key categories with a new yoghurt production line to be installed to meet market demand and considerable effort in new product development resulting in the launch of several new products along with new packaging formats. The Company will also be entering new segments leveraging off the strength of its leading brands.

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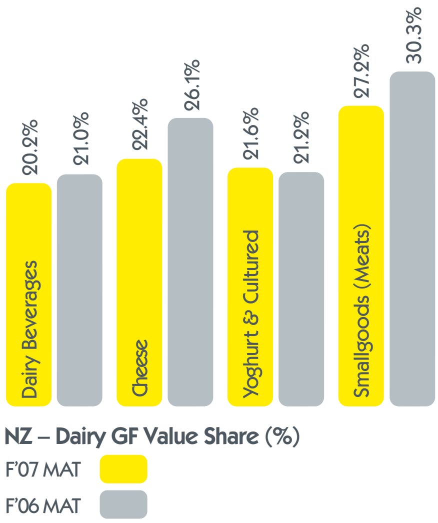

NZ – Dairy GF Value Share (%)

Source: Aztec

Our products cover every meal occasion, including breakfast, lunch, dinner and snacks

Pacific

The Company is a leading manufacturer and supplier of flour, stockfeed, processed chicken and snack foods in Papua New Guinea, Fiji and New Caledonia. The Company also exports to these countries.

	FY2007[2]	FY2006[1]	Variation
Sales	$180.3m	$178.4m	+1.1%
EBITDA	$33.3m	$31.7m	+5.0%
EBIT	$29.3m	$27.4m	+6.9%

The business recorded a 5% increase in EBITDA on the prior year to $33.3 million.[1,2] This result follows a similar solid performance in the prior year.

The major developments during the year were the acquisition of La Biscuitière, a leading baking business in New Caledonia, and the divestment of a non-core stockfeed business.

The Fiji business returned a solid result despite the impact of the military coup during the year, while in Papua New Guinea the Company's flour milling operations performed strongly.

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2 Divisional results have been normalised to exclude the impact of significant and one-time items.


Growing
for our
shareholders

corporate governance statement

The Directors and management of Goodman Fielder are committed to operating the Company's business ethically and in a manner consistent with high standards of corporate governance. The Directors consider the establishment and implementation of sound corporate governance practices to be a fundamental part of promoting investor confidence and creating value for shareholders, through prudent risk management and a culture which encourages ethical conduct, accountability and good business practices.

This statement outlines the Company's main corporate governance practices in place throughout the financial year, which comply with the ASX Corporate Governance Council's Best Practice Recommendations (Best Practice Recommendations) and the NZX Corporate Governance Best Practice Code unless otherwise stated. In adopting these corporate governance practices, the Directors have considered the regulatory requirements and best practice guidance in both jurisdictions, as the Company is listed on the Australian Securities Exchange (ASX) and is a dual listed issuer on the New Zealand Exchange (NZX). The Best Practice Recommendations and the Company's current corporate governance practices do not materially differ from the principles set out in the NZX Corporate Governance Best Practice Code.

Details of the Company's corporate governance charters and policies are available in the corporate governance section on its website.

Principle 1: Lay solid foundations for management and oversight

1.1 Board of Directors

The Board is responsible for the corporate governance and overall performance of the Company and the Group and for providing strategic guidance for the Group. The Board's responsibilities encompass the setting of key objectives, monitoring performance and ensuring the Group's internal control, risk management and reporting procedures are adequate and effective.

1.2 The Role and Responsibilities of the Board

The role and responsibilities of the Board are formally set out in its charter, a copy of which is available on the Company's website. The Board charter identifies the functions reserved for the Board and those delegated to management.

The Board's key responsibilities include:

- ensuring a high standard of corporate governance practice and regulatory compliance and promoting ethical and responsible decision-making throughout the Group; and
- approving the Company's strategic direction, budgets and business plans and monitoring performance against those plans.

The Board has delegated to the Managing Director and Chief Executive Officer (CEO) and certain senior executives the authority and powers necessary to implement the strategies approved by it and to manage the day-to-day operations and administration of the Company, within the policies and limits to delegation specified by the Board from time to time.

The responsibilities and terms of employment of the CEO, Chief Financial Officer (CFO) and senior executives of the Group are also set out in formal letters of appointment.

Principle 2: Structure the Board to add value

2.1 Composition of the Board

The Board charter provides for the Board to be comprised of a majority of independent non-executive Directors.

Directors are expected to commit the necessary time to effectively discharge their responsibilities, to contribute to the development of the Company, and to exercise independent judgment in their decision-making.

The composition of the Board is assessed by the Nomination Committee to ensure that the Board continues to comprise Directors with a mix of qualifications, experience and expertise which will assist the Board in fulfilling its responsibilities, as well as assisting the Company in achieving growth and delivering value to shareholders. The Company's policy on the Selection and Appointment of Directors is available on the Company's website.

The Board currently comprises seven non-executive Directors and one executive Director. Details of Board members, including their skills, experience, qualifications and term in office, are set out on pages 32 and 33.

2.2 Independence of Directors

The Board charter adopts the criteria established by the Best Practice Recommendations in assessing the independence of individual Directors. The materiality thresholds for determining independence are assessed by the Board on a case-by-case basis, taking into account the relevant Director's specific circumstances, rather than referring to a general materiality threshold.

Applying these criteria, the Board has determined that the independent non-executive Directors of the Company during the financial year ended 30 June 2007 were Messrs Max Ould, Hugh Perrett, Gavin Walker (appointed 23 February 2007) and Clive Hooke (appointed 19 April 2007).

Messrs Margin, Degnan, Hart and Hardman are not considered to be independent Directors. Mr Margin, the CEO, is currently an executive Director of the Company, and Mr Degnan assumed an interim role as Managing Director of the Company's dairy operations until 11 November 2006 while Mr Margin complied with the terms of a release from his former employer. Mr Degnan, Mr Hart and Mr Hardman are not viewed as independent as a result of their association with Rank Group Limited (Rank), which has a 20% shareholding in the Company.

Mr Degnan and Mr Hardman hold senior executive positions in the Rank corporate group, while Mr Hart is the Managing Director and owner of Rank.

The composition of the Board represents a departure from Best Practice Recommendation 2.1, which recommends that a majority of Directors should be independent. In accordance with the Board's stated intention that the Board comprise a majority of independent Directors, two independent non-executive Directors, Mr Gavin Walker and Mr Clive Hooke, joined the Board in February and April 2007, respectively. The Board is currently conducting a search for an additional independent non-executive Director.

The Board considers that, notwithstanding that all the criteria of independence may not be met for certain of its Directors, each of its Directors exercises independent judgement in his decision-making.

The independence of the Directors is regularly reviewed. In accordance with the Board's charter, all Directors must declare immediately to the Board any actual or potential conflict of interest. Where a conflict of interest arises, the Director concerned will leave the Board meeting while the matter is being considered and will not cast a vote.

2.3 Retirement and re-election of Directors

The Company's Constitution requires that any Directors (other than the CEO) appointed during the year by the Board must offer themselves for election by the shareholders at the next Annual General Meeting of the Company. In addition, no Director (other than the CEO) may serve without seeking re-election beyond the third Annual General Meeting following the meeting at which the Director was last elected or re-elected. After excluding the CEO and Directors appointed by the Board during the year, where the number of remaining Directors is five or less, at least two of those Directors must retire at each Annual General Meeting. Retiring Directors may offer themselves for re-election by the shareholders. The Board does not impose a pre-determined restriction on the tenure of Directors as it considers that this restriction may result in the loss of vital experience and expertise. The Nomination Committee considers and recommends to the Board candidates for re-election.

2.4 Chairman

Mr Max Ould, an independent non-executive Director, has held the position of Chairman of the Board of Directors since 31 August 2006. The previous Chairman, Mr Tom Degnan, was not considered to be an independent Director, due to his executive position with a substantial shareholder of the Company and also as a result of his interim executive responsibilities as Managing Director of the Company's dairy operations (to enable Mr Margin to comply with the terms of a release from his former employer).

The Company has complied with Best Practice Recommendation 2.2, which recommends that the chair of the Board should be an independent Director, from Mr Ould's appointment on 31 August 2006. While Mr Degnan's role as Chairman of the Board during the initial two months of the 2007 financial year is a departure from Best Practice Recommendation 2.2, the Board considered this departure to be appropriate in the circumstances, as Mr Degnan's extensive industry experience, knowledge of the business and operations of the Company and Group, and ability to provide effective leadership of the Board was integral to the successful establishment and operation of the Company in its first year as a listed entity.

The CEO of the Company cannot become the Chairman of the Board during his/her term as CEO or within five years of the expiration of that term. This is consistent with the Company's policy to maintain an appropriate division between the roles and responsibilities of the Board and management. The Chairman is responsible for the leadership of the Board, setting its agenda and ensuring the Board is effective, and conducting Board and shareholders' meetings.

2.5 Board Access to Information and Independent Advice

Any of the Directors may obtain external independent professional advice relating to his or her duties as a Board or Committee member, at the Company's expense and subject to prior consultation with the Chairman or Chair of the Committee, as appropriate. To the extent required to enable them to carry out their duties, all Directors also have access to Company information and records and may consult management and employees as required.

2.6 Board Processes

The Board holds at least six scheduled meetings a year and other meetings are called as necessary to address any specific matters that may arise. Details of attendances at meetings by Directors in the last financial year are reported on page 34.

To assist Directors in enhancing their understanding of the Company's business, Directors are briefed by members of the executive team on divisional performance and key operational and strategic issues, financial matters, risk management, compliance and governance.

Between scheduled Board meetings, the Directors receive a comprehensive monthly performance report from the CEO, along with additional briefing papers on matters for the Board's attention.

2.7 Board Committees

The Board has established Board Committees, each composed of non-executive Directors, to assist in the performance of the Board's responsibilities. Each Committee has a written charter which is approved by the Board and reviewed at least annually. The Charters of each of the Board Committees are available on the Company website.

The roles and responsibilities of the Board Committees were reviewed during the year and, on 21 June 2007, the Audit & Risk Committee was reconstituted as two separate committees, an Audit Committee and a Corporate Risk Committee. Charters for these Committees and a new Board charter were reviewed and adopted by the Board.

Membership of the Board Committees is set out below.

	Nomination Committee	Remuneration Committee	Audit & Risk Committee (to 21 June 2007)	Audit Committee (from 21 June 2007)	Corporate Risk Committee (from 21 June 2007)
Independent non-executive Directors	Max Ould* Hugh Perrett	Hugh Perrett* Max Ould	Hugh Perrett* Max Ould	Clive Hooke* Gavin Walker	Gavin Walker* Clive Hooke Hugh Perrett
Non-executive Directors	Graeme Hart	Graeme Hart	Tim Hardman	Tim Hardman	Tim Hardman

* Committee Chairman.

Details of attendance at each Committee meeting in the last financial year are set out on page 34.

To enable each of the Committees to discharge their responsibilities adequately and effectively, each member of the Committee has the authority to retain advisers and external legal counsel as appropriate.

Each Committee reports to the Board and, following preparation of the minutes of each Committee meeting, provides the Board with copies of those minutes at the next occasion the Board meets.

Principle 3: Promote ethical and responsible decision-making

3.1 Code of Ethics and Conduct of Directors, Senior Executives and Officers

Goodman Fielder has adopted a Corporate Code of Conduct of Employees (Code of Conduct) which applies to all Directors, officers and employees of the Group and provides guidance with respect to compliance with the law and maintenance of ethical standards in connection with the Group's business dealings.

In addition to the Code of Conduct, the Company has adopted a Code of Ethics and Conduct of Directors, Senior Executives and Officers (Code of Ethics). In establishing these additional requirements, the Company recognises the integral role of these individuals in fostering a culture of compliance and ethical conduct.

The Code of Ethics sets out the Company's requirements for all Directors, senior financial officers and senior executives to promote and engage in ethical behaviour, maintain confidentiality and comply with all applicable laws and regulations, so as to maintain the Group's integrity and its reputation for fair dealing. Individuals are required to report unethical behaviour, fraud and internal control deficiencies to the Chairman of the Audit Committee.

The Code of Conduct and Code of Ethics are available on the Company's website.

The Company has implemented a whistleblower hotline to enable employees to report serious misconduct or unethical behaviour within the Group to an external party. The Company has also maintained ongoing training and monitoring of relevant staff in the prohibitions and requirements of trade practices and consumer protection legislation pursuant to its Trade Practices Compliance Program.

3.2 Dealings in Company Securities

Directors of Goodman Fielder are required to hold a minimum of 100 shares in the Company. Directors are encouraged to be long-term holders of the Company's shares but are not obligated to invest any portion of their cash remuneration in purchasing additional shares. Directors' interests in shares in the Company are set out on page 36.

Directors and employees of the Group are bound by Goodman Fielder's policy on dealing in the securities of the Company, which is available on the Goodman Fielder website.

Under the policy, a Director or employee may only buy or sell Company securities during the four week periods commencing on the first trading day on the ASX following the date of the yearly or half yearly results announcements, the Annual General Meeting or the release of a disclosure document offering equity securities in the Company.

The Company may vary this rule for a particular period by making a general announcement to all employees either before or during the period.

Senior executives are prohibited from dealing in any derivative which operates to limit their economic risk over shares (or related rights or entitlements to those shares) offered or awarded in connection with their employment with a Goodman Fielder group company.

Directors must obtain the approval of the Chairman (or, in the case of the Chairman, the approval of the Chair of the Corporate Risk Committee or the Board) before they buy, sell or otherwise deal in securities of the Company. Executives reporting directly to the CEO must also obtain approval from the CEO before dealing.

Principle 4: Safeguard integrity in financial reporting

4.1 Certification of Financial Reports

As part of the process of Board approval of the Company's annual financial report, the CEO and the CFO are required to state to the Board, in writing, that the Company's financial report presents a true and fair view, in all material respects, of the Company's financial condition and operational results and is in accordance with relevant accounting standards.

4.2 Audit Committee/Audit & Risk Committee

The Audit Committee assists the Board in fulfilling its responsibility to oversee the quality and integrity of accounting, auditing and reporting practices of the Company. In particular, the role of the Committee is to review the Company's financial reporting, to oversee the independence of the external auditor and to assess the effectiveness and adequacy of the Company's internal control framework. The Audit Committee was constituted as a separate Committee of the Board on 21 June 2007, after a review of the functions of the Audit & Risk Committee (which also had responsibility to oversee the Company's risk management systems and processes). A dedicated Corporate Risk Committee was established on 21 June 2007 to oversee the management of risk by the Company and Group.

The Audit Committee has a formal charter approved by the Board which is available on the Company's website. The Committee reports to the Board on all matters relevant to the Committee's role and responsibilities.

The specific responsibilities of the Audit Committee are set out in its charter and include:

- reviewing and assessing the internal and external reporting of financial information;
- assessing management processes supporting the integrity and reliability of the Company's financial and management reporting systems and its external reporting;
- overseeing the relationship with and performance of the external auditor and assessing the independence of the external auditor; and
- overseeing the performance of the internal audit function.

The charter establishes a framework for the Committee's relationship with the internal and external auditor. Information on procedures for the selection and appointment of the external auditor and for rotation of external audit partners is available on Goodman Fielder's website.

Goodman Fielder has adopted a policy on non-audit services which identifies the services which the external auditor may and may not supply and those that require specific approval of the Audit Committee. Further details regarding the provision of non-audit services and the Board's evaluation of the independence of the external auditor is set out on page 39 of this Annual Report.

4.3 Composition

Members of the Audit Committee (from 21 June 2007): Clive Hooke (Chairman), Gavin Walker and Tim Hardman.

Members of the Audit & Risk Committee (to 21 June 2007): Hugh Perrett (Chairman), Max Ould and Tim Hardman.

The Committee must have at least three members, all of whom must be non-executive Directors, with a majority being independent. All members must be financially literate and at least one member must have an accounting or financial background. Independent non-executive members must satisfy the independence requirements of the Best Practice Recommendations.

Under the charter a Director may not be both the Chairman of the Committee and the Chairman of the Board.

Mr Perrett and Mr Ould (members of the former Audit & Risk Committee) are both professional Directors with extensive business experience, a history of financial and operational responsibility at a chief executive level with major wholesale/retail grocery distribution and consumer foods companies, respectively, and a sound understanding of financial reporting requirements and risk management issues. Mr Hardman is a qualified accountant and a former partner of Deloitte. He is currently the Operations Director of a substantial private investment company and has significant experience in acquisitions and divestitures of businesses and restructuring of operations to add value.

Mr Hooke, the Chairman of the reconstituted Audit Committee, is a qualified accountant who has held senior finance positions with a number of significant listed companies. Mr Walker, a member of the Audit Committee, has had a lengthy career in investment banking and held Chief Executive positions within the Bankers Trust Australasia group between 1986 and 1999.

4.4 Meetings of the Audit & Risk Committee/Audit Committee

In accordance with its charter, the Committee is required to meet at least four times each year on a formal basis and holds additional meetings as necessary.

Meetings are attended by invitation by the other Directors, the CEO, the CFO, the Internal Audit Director and the external auditor, KPMG.

Details of attendance at meetings of the Audit & Risk Committee are set out on page 34 of the Annual Report. The newly constituted Audit Committee met twice in August 2007.

4.5 External Auditor

The external auditor is responsible for planning and carrying out the audit of the Group's annual financial reports and reviewing the Group's half yearly financial reports. The auditor provides a written confirmation to the Company of their independence in connection with the Company's financial reports for each half year and financial year.

The external auditor was appointed in October 2005. The lead external audit engagement partner was rotated during the financial year, as a result of his involvement in the audit of the operations of the Company for a five-year period prior to and following listing. The lead external audit engagement partner is next due for rotation after the financial year ending 30 June, 2011.

The Committee may meet with the external auditor without management being present at any time during each financial year. The external auditor is also provided with the opportunity, on request, to meet with the Board of Directors without management being present.

Principle 5: Make timely and balanced disclosure

5.1 Continuous Disclosure

The Company is committed to ensuring that the market and shareholders are provided with complete and timely information. A summary of the policies and procedures designed to guide compliance with the Company's continuous disclosure obligations is available on the Company's website.

The Company has in place a continuous disclosure policy (Disclosure Policy) to ensure that all price sensitive information is disclosed to the ASX and NZX in accordance with the disclosure requirements of the *Corporations Act 2001* and the *Companies Act 1993*, respectively, and the listing rules of the relevant exchange. The Disclosure Policy is available on the Company's website.

The Company Secretary is responsible for overseeing and co-ordinating disclosure of information to the ASX and the NZX and, as appropriate, to shareholders.

All information provided to the ASX or the NZX is posted on the Company's website as soon as practicable after release to the market.

5.2 Commentary on Financial Results and Periodic Disclosure

Goodman Fielder strives to provide investors with sufficient information to make an informed assessment of the Company's activities and results. Results announcements and media/analyst presentations are released to the ASX and NZX and made available on the Company's website. The Annual Report contains an operating and financial review, to assist shareholders in understanding the Company's operating results, business strategies, prospects and financial position.

The Company Secretary is responsible for overseeing and co-ordinating disclosure of results announcements and presentations to the ASX and the NZX, the issue of the Annual Report to shareholders and for ensuring compliance with the Company's periodic reporting and disclosure obligations under applicable corporations legislation and the listing rules of the relevant exchange.

Principle 6: Respect the rights of shareholders

6.1 Communications with Shareholders

The Company has adopted a Shareholder Communications Strategy which is designed to promote effective communication with shareholders and to encourage informed shareholder participation at the Annual General Meeting.

Where practical, the Company uses the most recent widely available technology to facilitate communication with shareholders. The Company's website includes links to announcements to the ASX and the NZX and will include copies of the annual and half yearly reports, notices of meetings, presentations and speeches by senior executives, the CEO and Chairman and other information released to the market. By registering with the Company's registrar, shareholders can receive email notifications when the Company makes an announcement to the ASX, including the release of financial reports.

Goodman Fielder continues to review and enhance its website and to consider other ways to utilise technology to improve shareholder communications. Webcasts of the Annual General Meeting and results briefings allow access by all interested parties and electronic lodgement of proxies has also been implemented.

The Company's Annual Report is one of the principal means of communicating with shareholders and the Company intends to continually refine its reporting and disclosure processes to provide clear and effective communication to shareholders about the Company's operations and performance.

The Company's Shareholder Communications Strategy is available on the Company's website.

6.2 Annual General Meeting

Shareholders have the opportunity to raise matters at the Annual General Meeting with the members of the Board.

The Company's external auditor attends the Annual General Meeting and is available to answer questions from shareholders regarding the conduct of the audit, the auditor's independence in relation to the conduct of the audit, the preparation and content of the auditor's report and accounting policies adopted by the Company in connection with the preparation of the financial statements.

Principle 7: Recognise and manage risk

7.1 Internal Control Framework

The Board is responsible for overseeing and approving a sound system of risk oversight and management and internal control, but recognises that no cost effective internal control system will preclude all errors and irregularities.

The Board has approved a Group risk management policy and procedures and has delegated to the Corporate Risk Committee responsibility for overseeing the implementation of the Group's risk management system. Prior to the establishment of this Committee on 21 June 2007, the Audit & Risk Committee had responsibility to oversee the Company's risk management systems and processes.

The following risk management and internal control framework is currently in place:

Financial monitoring and reporting

The Company has a comprehensive strategic planning and budgeting system, the results of which are presented to and approved by the Board. Management and the Board monitor performance against budget and key financial benchmarks through monthly reporting routines, detailed business reviews and variance analysis.

Risk management

The Corporate Risk Committee (and previously, the Audit & Risk Committee) regularly reviews risk management reports and reports to the Board on the status and management of risks.

Goodman Fielder has implemented a standardised methodology for all businesses and functions within the Group to identify and evaluate risks. Goodman Fielder's risk management framework sets out the Company's policy, standards and methodologies to enable the identification, recording and reporting of risks on a business and Group basis. The Group is also focussed on developing and implementing initiatives to further develop the risk management culture throughout all levels of the organisation and to encourage employees to mitigate risks in carrying out their daily activities.

The Group also evaluates the economic balance between self-retention of risks and risk transfer. The Group has implemented insurance arrangements for risk transfer with international insurers of high prudential standards. The Group monitors its compliance with its risk management policy and, amongst other risk control measures, develops contingency plans to manage potential business interruptions.

Internal controls

The Board has responsibility for reviewing and ratifying internal compliance and control systems.

The Audit Committee, in conjunction with the Corporate Risk Committee (and, prior to 21 June 2007, the Audit & Risk Committee as a single Committee) reviews the effectiveness and adequacy of internal control processes on a regular basis and reports its findings to the Board.

Management assumes the primary responsibility for implementing internal controls and for the internal control environment. In accordance with the Company's policy, each divisional Managing Director and Finance Director report every six months to the CEO and the CFO and, on an exceptions basis, to the Audit Committee, on the operation and effectiveness of key internal controls. Any identified deficiencies in internal controls are followed up and addressed by division management.

In addition, the Company maintains an internal audit function to conduct internal audits and reviews of the Group's operations. The Audit Committee (previously the Audit & Risk Committee) reviews the reports from the internal audit function on a regular basis, monitors its scope and resources and reviews the annual internal audit plan.

A description of the Company's risk management policy and internal compliance and control system is available on its website. The Company monitors its control system on a continual basis and, where appropriate, enhances internal control processes to improve their effectiveness.

7.2 Statement by CEO and CFO

The integrity of the Company's financial reporting depends upon the existence of an effective system of risk management and internal control. Prior to approving the Company's annual financial report, the Board receives a written statement from the CEO and the CFO that, to the best of their knowledge and belief:

1. the certification given by each of them regarding the financial statements is founded on a sound system of risk management and internal compliance and control which, in all material respects, implements the policies adopted by the Board; and
2. the Group's risk management and internal compliance and control system for the financial year is operating efficiently and effectively in all material respects.

Principle 8: Encourage enhanced performance

8.1 Nomination Committee

The Nomination Committee is responsible for periodically reviewing and considering the structure of the Board, assessing the skills and competencies required on the Board and making recommendations regarding appointments, retirements and terms of office of Directors.

The Committee is also responsible for assessing the competencies of potential Board candidates; recommending candidates for election or re-election to the Board; reviewing Board succession plans and induction procedures for new appointees to the Board; establishing processes for the review of performance of individual Directors and the Board as a whole, and arranging annual performance evaluations of the Board, its Committees and individual Directors.

The Nomination Committee has a formal charter, approved by the Board, which is available on the Company's website. The Committee's policy for the appointment of Directors and a description of the procedure for the selection and appointment of new Directors to the Board is also included on the Company's website.

8.2 Composition

Members of the Nomination Committee: Max Ould (Chairman), Hugh Perrett and Graeme Hart.

The Committee must comprise at least three non-executive Directors, with a majority being independent. The Board may appoint additional non-executive Directors to the Committee or remove and replace members of the Committee by resolution.

8.3 Meetings of the Nomination Committee

The Committee meets at least once each calendar year on a formal basis and additionally as circumstances may require. Details of attendance at each Committee meeting in the last financial year are set out on page 34.

8.4 Performance Evaluation

The Nomination Committee is responsible for arranging performance evaluations of the Board, its Committees and individual Directors. In light of the recent appointments of two new independent, non-executive Directors to the Board during the year, no formal review was undertaken during the 2007 financial year. It is the Board's intention that a formal performance review will take place during the 2008 financial year.

The Remuneration Committee reviews the performance of all executives who report directly to the CEO as part of their remuneration review.

A description of the Company's process for performance evaluation of the Board, its Committees and individual Directors and key executives is available on its website.

8.5 Director Education

An induction program has been established for new Directors to gain background and insight into the Company's strategies, business operations, the Group structure, the Company's policies and guidelines and general information on Directors' duties, rights and responsibilities. Directors receive a detailed induction pack, meet with key senior executives and, as part of an ongoing education program, conduct site visits at significant operational facilities in various locations.

8.6 Company Secretary

The Company Secretary is responsible for ensuring that Board procedures and policies are followed and provides advice to the Board on corporate governance and regulatory matters. All Directors have unrestricted access to the advice and services of the Company Secretary.

8.7 Indemnity of Directors and Officers

The Company has indemnified the Directors and Secretary of the Company and the Directors and Secretary of the Company's subsidiaries, to the extent permitted by law, for certain losses and liabilities incurred as a Director or officer of the Company or its related bodies corporate. The Company has also entered into an insurance policy which insures against certain liabilities these individuals may incur in carrying out their duties as a Director or officer of the Company or a related body corporate. Further information in relation to indemnities is set out on pages 37 and 38 of the Annual Report.

Principle 9: Remunerate fairly and responsibly

9.1 Directors' Remuneration

The Remuneration Report sets out the total remuneration of non-executive and executive Directors of the Company. Each non-executive Director is entitled to receive a fee for serving as a Director of the Company. These fees are inclusive of any compulsory superannuation contributions and any retirement benefits. During the past year, no additional fees were payable to non-executive Directors for serving as a member or chair of a Committee of the Board or for other services performed outside the scope of their ordinary duties as a Director. However, in order to bring non-executive Director remuneration into line with other listed companies and to recognise the time requirements of serving on a Committee, a Committee fee structure will be introduced in the 2008 financial year. This will not require a change to the approved aggregate remuneration for non-executive Directors.

The maximum aggregate remuneration of non-executive Directors is determined by a resolution of shareholders and is then divided between the Directors as agreed by the Board. As was disclosed in the Company's IPO Prospectus, the current aggregate approved in general meeting before the Company's listing was $1.5 million.

The amount of aggregate remuneration sought to be approved by shareholders and the manner in which it is apportioned amongst Directors will be reviewed annually by the Remuneration Committee and recommendations made to the Board. The Board considers advice as to the fees paid to non-executive Directors of comparable companies when undertaking the annual review process. When considered appropriate to do so, it will also obtain advice from external consultants.

9.2 Remuneration Committee

The Remuneration Committee has responsibility for reviewing and making recommendations to the Board on the remuneration packages and policies applicable to executive Directors and senior executives of the Group. The Committee is also responsible for the Company's recruitment, retention, performance management and termination policies and procedures for senior executives reporting directly to the CEO. Additionally, it reviews and approves any equity based plans and other incentive schemes.

The Remuneration Committee charter, which has been approved by the Board, is available on the Company's website.

9.3 Composition

Members of the Remuneration Committee: Hugh Perrett (Chairman), Max Ould and Graeme Hart.

The Committee must comprise at least three Directors, with a majority being independent non-executive Directors. The Chair is an independent non-executive Director. The Board may appoint additional Directors to the Committee or remove and replace members of the Committee by resolution.

9.4 Meetings of the Remuneration Committee

The Committee meets once each calendar year on a formal basis and additionally as circumstances may require. Details of attendance at each Committee meeting in the last financial year are set out on page 34.

9.5 Remuneration Report

The Company's remuneration policy and procedures are discussed in its Remuneration Report for the financial year ended 30 June, 2007 which is set out on pages 40 to 47 of this Annual Report.

No current or proposed equity-based executive remuneration involves the issue of additional shares by Goodman Fielder. All shares to be acquired by executives under equity plans are intended to be acquired on-market, with the relevant cost expensed in accordance with accounting standards. The Company did not operate an equity based remuneration plan requiring shareholder approval during the 2007 financial year.

Subsequent to year end, the Company established a Performance Share Plan (PSP) for executives of the Company, including the CEO. Implementation of, and offers under, the PSP are subject to shareholder approval of the PSP at the Company's 2007 Annual General Meeting.

Principle 10: Recognise the legitimate interests of stakeholders

10.1 Corporate Code of Conduct of Employees

The Corporate Code of Conduct of Employees (Code of Conduct) applies to all Directors, officers and employees of the Group. It underpins Goodman Fielder's commitment to integrity, fair dealing and compliance with the law in its business affairs, and sets out expected standards of conduct with respect to all stakeholders, including fellow employees, customers, suppliers, shareholders and the community.

The Code of Conduct is designed to encourage ethical and appropriate behaviour by all Group personnel, and addresses a wide range of responsibilities to stakeholders, including conflicts of interest, security of information, use of company assets and resources, discrimination and harassment, occupational health and safety and corrupt conduct.

The Code of Conduct encourages employees to raise any matters of concern with the head of their business unit or the Company Secretary and General Counsel, without fear of retribution.

The Code of Conduct is available on the Company's website.

directors' report

The Directors present their report, together with the financial report of Goodman Fielder Limited (the Company) and the consolidated financial report of the consolidated entity (the Group), for the financial year ended 30 June 2007 and the audit report thereon.

Directors
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:

Max Ould BEc
Chairman (from 31 August 2006) and independent non-executive Director

Age 60

Experience and special responsibilities

Director since 14 November 2005 and Chairman since 31 August 2006. Chairman of the Nomination Committee and Member of the Remuneration Committee. Member of the Audit & Risk Committee until 21 June 2007. Mr Ould is also a Director of Pacific Brands Limited (appointed February 2004), Foster's Group Limited (appointed February 2004) and AGL Energy Limited (appointed February 2006). He has extensive experience in the Australian food industry, including previous roles as Managing Director of the East Asiatic Company, Chief Executive Officer of Pacific Dunlop's Peters Foods division and Managing Director of National Foods Limited[1] from 1996 to 2003.

Former directorships of listed companies during the past three years: The Australian Gas Light Company,[2] January 2004 to October 2006

Peter Margin BSc (Hons), MBA
Managing Director and Chief Executive Officer

Age 47

Experience and special responsibilities

Managing Director and Chief Executive Officer since 14 November 2005. Mr Margin has extensive experience in the food industry, with a strong record of managing a large Australasian consumer food company which delivered operational efficiency, brand development and profitability growth during his tenure. He joined National Foods Limited[1] in 1997 and held a number of roles prior to becoming Managing Director between July 2003 and November 2005. He previously held positions with Simplot as General Manager, Birds Eye Foods; Pacific Dunlop as General Manager, Frozen Foods; Plumrose as General Manager in Marketing; and Heinz, where he held positions in research and development, quality assurance and marketing. The terms of Mr Margin's release from National Foods Limited[1] restricted his involvement in the Company's dairy operations until 11 November 2006.

Former directorships of listed companies during the past three years: Managing Director of National Foods Limited[1], July 2003 to November 2005

Thomas Degnan BA
Non-executive Director

Age 59

Experience and special responsibilities

Director since 26 September 2005 and Chairman between 26 September 2005 and 30 August 2006. Mr Degnan is currently the President of SIG Holding AG, a Swiss packaging group. He is Managing Director and Chief Executive Officer of Burns, Philp & Company Pty Limited (formerly Burns, Philp & Company Limited[3]), a position he has held since September 1997, and is also a Director of Carter Holt Harvey Limited[4] (appointed September 2005) and Jones Dairy Inc., a manufacturer and distributor of meat products. Mr Degnan was previously Group Vice President, Universal Foods Corporation, a North American based yeast and specialised food products manufacturer.

Former directorships of listed companies during the past three years: None

Graeme Hart MBA
Non-executive Director

Age 52

Experience and special responsibilities

Director since 26 September 2005. Member of the Nomination Committee and the Remuneration Committee. Mr Hart is the Chairman and a non-executive Director of Burns, Philp & Company Pty Limited[3] (appointed a Director in September 1997 and Chairman in September 2004). Mr Hart is also a Director of Carter Holt Harvey Limited[4] (appointed September 2005) and SIG Holding AG and the Managing Director and owner of Rank Group Limited, a private investment company.

Former directorships of listed companies during the past three years: None

Timothy Hardman BEc, CA
Non-executive Director

Age 45

Experience and special responsibilities

Director since 26 October 2005. Member of the Audit Committee and the Corporate Risk Committee from 21 June 2007. Member of the Audit & Risk Committee until 21 June 2007. Mr Hardman has held the position of Operations Director of Rank Group Limited (a private investment company owned by Mr Hart) since 2002. He is also Managing Director and Chief Executive Officer of Carter Holt Harvey Limited[4] (appointed a Director in September 2005 and Managing Director in February 2006). Mr Hardman was previously a partner of Deloitte Touche Tohmatsu for 10 years.

Former directorships of listed companies during the past three years: None

Clive Hooke FCPA, FAICD
Independent non-executive Director

Age 61

Experience and special responsibilities

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 has extensive experience as a senior executive and business and financial consultant. He was the Chief Financial Officer of National Foods Limited[1] 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 Finance and Strategy Director of Elders Australia Limited (now Fosters Group Limited) between 1982 and 1991.

Mr Hooke is currently the Chairman of Big Brothers – Big Sisters Australia Limited.

Former directorships of listed companies during the past three years: None

Hugh Perrett
Independent non-executive Director

Age 68

Experience and special responsibilities

Director since 14 November 2005. Chairman of the Audit & Risk Committee (to 21 June 2007) and the Remuneration Committee and Member of the Corporate Risk Committee (from 21 June 2007) and the Nomination Committee. Mr Perrett is also a Director of a number of other companies and entities, including AUT Enterprises Limited, Business In The Community Limited and The Christian Healthcare Trust (a charitable trust). He was previously Managing Director of Foodstuffs (Auckland) Limited and Foodstuffs NZ Limited and is a former Chairman of Loyalty New Zealand Limited and The Bell Tea Company Limited and a former Director of New Zealand Dairy Foods Holdings Limited and New Zealand Dairy Foods Limited.

Former directorships of listed companies during the past three years: None

Gavin Walker BCA, MIoD, MINFINZ
Independent non-executive Director

Age 55

Experience and special responsibilities

Director since 23 February 2007. Chairman of the Corporate Risk Committee (appointed 21 June 2007) and Member of the Audit Committee (appointed 21 June 2007).

Mr Walker has had a lengthy career in investment banking and was the Chief Executive of Bankers Trust Australia Investment Bank between 1996 and 1999. Prior to that, he held the position of Chief Executive Officer of Bankers Trust New Zealand Limited from 1986 to 1996.

Mr Walker is currently a Director of Lion Nathan Limited (appointed March 2000) and Zintel Group Limited (appointed June 2002), a telecommunications company listed on the New Zealand Alternative Exchange. He also served as Chairman of the New Zealand Foreign Direct Investments Advisory Board between 1995 and 1997 and is a former Director of Veda Advantage Limited[5] (formerly Baycorp Advantage Limited), St Lukes Group Limited, the AMP Advisory Board New Zealand and the New Zealand Rugby Union.

Former directorships of listed companies during the past three years: Veda Advantage Limited[5], June 2000 to July 2007

1 National Foods Limited was removed from the official list of ASX Limited on 22 June 2005 following acquisition by San Miguel Foods Australia Holdings Pty Ltd.

2 The Australian Gas Light Company was removed from the official list of ASX Limited on 26 October 2006 following the implementation of its scheme of arrangement.

3 Burns, Philp & Company Limited was removed from the official list of ASX Limited prior to the commencement of trading on 20 December 2006, following acquisition by Rank Group Australia Pty Limited. It was subsequently converted to a proprietary company.

4 Carter Holt Harvey Limited, a forestry and paper products company with operations primarily in New Zealand and Australia, was removed from New Zealand Exchange Limited and the official list of ASX Limited on 5 April 2006, following acquisition by Rank Group Investments Limited.

5 Veda Advantage Limited, an information and analytics company, was delisted from New Zealand Exchange Limited on 10 July 2007 and was removed from the official list of ASX Limited on 12 July 2007, following court approval of the scheme of arrangement in relation to the acquisition of all issued shares by VA Australia Finance Pty Limited.

Company Secretary

Mr Jonathon West LLB (Hons), BSc was appointed to the position of Company Secretary and Group General Counsel on 21 December 2005. Prior to his appointment, he held the position of Corporate Counsel, Operations at Burns, Philp & Company Limited. Mr West was admitted as a legal practitioner in 1991. He has 16 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:

	Directors' meetings		Audit & Risk Committee meetings [b]		Remuneration Committee meetings [b]		Nomination Committee meetings	
	No. held [a]	No. attended	No. held [a]	No. attended	No. held [a]	No. attended	No. held [a]	No. attended
M G Ould	10	10	8	8	2	2	1	1
P M Margin	10	10	–	–	–	–	–	–
T J Degnan	10	8	–	–	–	–	–	–
T G Hardman	10	4	8	5	–	–	–	–
G R Hart	10	8	–	–	2	0	1	0
C A Hooke	3	3	–	–	–	–	–	–
H E Perrett	10	10	8	8	2	2	1	1
G R Walker	4	4	–	–	–	–	–	–

(a) Reflects the maximum number of meetings each Director was eligible to attend.

(b) Mr Margin attended all meetings at the invitation of the Committee. Messrs Hooke, Walker and Hart each attended one meeting of the Audit & Risk Committee and Mr Degnan attended two meetings of the Audit & Risk Committee at the invitation of the Committee.

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 baked goods, dairy products, small goods, edible oils and meal components.

State of Affairs

In accordance with the intention of the Company to appoint an independent Chairman, as stated in the Company's Initial Public Offering Prospectus, Mr Degnan retired as Chairman of the Board on 30 August 2006. Mr Max Ould assumed the position of Chairman on 31 August 2006. Two additional independent non-executive Directors were appointed during the course of the year, being Mr Gavin Walker, appointed on 23 February 2007, and Mr Clive Hooke, appointed on 19 April 2007.

In mid-November 2006, Mr Margin assumed responsibility for the Group's dairy operations. Mr Degnan had served as interim Managing Director of those operations for a period of 12 months to enable Mr Margin to comply with the terms of a release from his former employer.

On 31 December 2006, Mr Andrew Beck resigned as Chief Financial Officer of the Company. Mr David Goldsmith assumed the role of Chief Financial Officer on 2 April 2007.

Effective from 1 February 2007, the dairy and baking businesses in New Zealand were restructured to operate as discrete operating units rather than as part of a larger New Zealand division. The baking operations became the responsibility of Mr Gordon Hardie, Managing Director, GF Fresh Baking, while Mr David Glik was appointed Managing Director of the GF Fresh Dairy division.

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

Review of Operations and Results

The consolidated net profit of the Group after income tax expense was $243.2 million, a 23.1% increase on the previous corresponding period pro forma result of $197.5 million. Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA) increased 7.5% to $444.1 million, compared with a pro forma $413.1 million in the previous corresponding period.

Further information relating to a review of operations and the results for the Group for the financial year ended 30 June 2007, as well as information on the financial position of the Group, is set out in the Year in Review on pages 6 to 22 in this Annual Report.

Events Subsequent to Balance Date

On 5 July 2007, a subsidiary of the Company entered into an agreement to acquire the business of IDP (Mainland) Limited, an independent dairy company based in New Zealand trading under the Cow & Gate brand. The subsidiary was also awarded a contract with Progressive Enterprises Limited for the supply of an estimated 30 million litres of house brand milk per annum to Progressive stores. In addition, the subsidiary entered into a strategic partnership with The Grate Kiwi Cheese Company Limited for the production of retail cheeses.

Effective 1 July 2007, the Directors of the Company approved the implementation of a Performance Share Plan for senior executives of the Group, subject to the approval of shareholders at the Company's 2007 Annual General Meeting.

No other matter or circumstance has arisen since the end of the financial year that has significantly affected, or may significantly affect, the Group's operations, the results of those operations, or its state of affairs in future financial years.

Likely Developments

Likely developments in the Group's operations in future financial years and the expected results of those operations are reported, as appropriate, in the Year in Review on pages 6 to 22 in this Annual Report. Further information about likely developments in the Group's operations in future financial years, the expected results of those operations and the Group's business strategy and prospects for future financial years has not been included in this report because disclosure of such information would be likely to result in unreasonable prejudice to the Company and the Group.

Dividends

The Company paid a dividend of $72.9 million (5.5 cents per ordinary share) on 31 October 2006. The dividend was 65% franked in Australia and imputed to 50%.

A 2006/2007 interim dividend of $79.5 million (6.0 cents per ordinary share) was paid on 30 March 2007. The dividend was 40% franked and imputed to 50%.

On 28 August 2007, the Directors of the Company resolved to pay a final dividend of $99.4 million (7.5 cents per ordinary share), payable on 31 October 2007 to holders of record on 28 September 2007. The dividend will be 65% franked and imputed to 30%.

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:

	Ordinary Shares
M G Ould	50,100
P M Margin	100,100
T J Degnan	100
T G Hardman	100,100
G R Hart	265,009,800*
C A Hooke	25,000
H E Perrett	100
G R Walker	1,000

* Mr Hart holds 100 shares in his own name and, through his ownership of Rank Group Limited (which holds all of the shares in Burns, Philp & Company Pty Limited), has a relevant interest in 265,009,700 shares of the Company held by the Burns Philp Group.

Transactions between companies within the Group and Director-related entities are set out in note 37 to the financial statements on page 89 of this Annual Report.

Officers

No officer of the Group has been a partner of an audit firm or a director of an audit company that is or was an auditor of any entity in the Group during the year ended 30 June 2007.

Remuneration of Directors and Senior Executives

A Remuneration Report is set out in this Directors' Report on pages 40 to 47.

The Remuneration Report:

- explains the Board's policies in relation to the nature and level of remuneration paid to Directors, secretaries and senior managers within the Group;
- discusses the link between the Board's policies and the Group's performance; and
- sets out remuneration details for each Director and for the five most highly remunerated executives of the Company and the Group and other key management personnel.

Safety

Goodman Fielder is committed to the health and safety of its employees and contractors and promotes safety as one of its core values. Senior executives of the Group have endorsed and initiated policies on safety and injury management through all sites and have actively supported preventative initiatives. Goodman Fielder's Safety Management System, with its 27 standards, forms the foundation of the Group's preventative program and is regularly reviewed and upgraded to provide a platform for continual improvement. Safety statistics are closely monitored throughout the Group and increased adoption of the Group's WALK, TALK, CARE and SEEK programs and site and business-based hazard management information systems during the year have been key factors in the Group's improved safety performance.

Prevention of injuries through the identification and proactive remediation of perceived occupational health and safety risks is an integral part of the Group's safety program. Management remains focussed on building a safety-conscious culture throughout the Group, and ensuring that Goodman Fielder's Safety Management System is successfully implemented as part of the integration of the business operations acquired during the year.

Goodman Fielder's injury management program (CARE) continues to provide employees with a best practice injury management system in line with the latest injury management research. CARE promotes the early identification and reporting of injury or illness and ensures all employees have immediate access to treatment as well as a timely and medically appropriate return to work following a workplace illness or injury.

No employee fatalities occurred during the financial year and 22 sites achieved significant safety milestones. One of the key measures of safety performance of the Group (including the dairy and meats businesses, for which a full 12 months information has now been incorporated), the lost time injury frequency rate, has improved by 32% to a food industry top quartile performance of 6.5 injuries per million man-hours worked. More pleasing, however, was a 49% decrease in employee absences due to workplace injuries. Considerable focus was directed to reducing the frequency of injuries that require medical treatment or result in work restrictions and the significant injury frequency rate improved by 23% over the prior year. All of the businesses achieved improvements of over 10% in their safety Key Performance Indicators. Sprains and strains during manual handling activities remain the most prevalent injuries and will be subject to several initiatives in the coming financial year. The Group's safety focus also extends beyond employees to contractors and labour hire employees, with ongoing emphasis being placed on induction and training programs.

Environmental Regulation

Introduction

The management of environmental risks and compliance with environmental laws is a core consideration for the Group. The Corporate Risk Committee (and prior to 21 June 2007, the Audit & 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.

During the financial year the Group continued its program of environmental improvement initiatives at its manufacturing locations. These initiatives included participation in government environmental programs aimed at energy, water and emission reduction. In addition, Goodman Fielder was nominated as a climate change leader in the Food Industry in Australia and New Zealand on the basis of its response to the Carbon Disclosure Project. The implementation of Goodman Fielder's environmental training programs also gained significant momentum during the financial year.

Environmental Performance

During the financial year the Group received no fines from environmental regulatory authorities and was not prosecuted on environmental grounds.

The Group continues to improve its risk management program and environmental risks and impacts are continually assessed to ensure that the appropriate environmental controls have been implemented and are effective.

Management at all sites monitor the wastes produced. The focus of our corporate waste management program during the next financial period will be to further increase the rate at which waste bread generated at our bakeries is diverted from landfill.

Many of the Group's sites are in areas where residential zoning and demographics have changed significantly over the years. Management continues to work closely with local communities to endeavour to minimise any adverse environmental impacts.

Indemnification and insurance of officers

Company's Constitution

The Company's Constitution requires the Company to indemnify the Directors and Secretaries of the Company, and any officers of the Company or any of its related bodies corporate that the Directors determine, 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 to losses and liabilities incurred both before and after the adoption of the Constitution and applies despite the officer having ceased to be an officer of the Company or its related bodies corporate.

The Company's Constitution also 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.

Indemnities

The Company has entered into Deeds of indemnity and insurance with each of the current Directors of the Company and the Company Secretary, Mr Jonathon West, under which the Company has agreed to indemnify each of them in accordance with and as required by the Company's Constitution. Under the Deeds, the Company has also agreed to an indemnity, 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 that individual's involvement as a party or potential party in legal or administrative proceedings as a result of his 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.

The Company also agreed under each of the above Deeds to maintain Directors' and officers' liability insurance, if available from a reputable insurance company at reasonable commercial rates, for a period of seven years after a person ceases to be a Director or Secretary or a Director or Secretary of a subsidiary. The Company agreed to pay premiums in respect of the insurance, except premiums in respect of insurance cover against liability arising out of breach of duty, or other liability in respect of which the Company is prohibited from paying premiums by law.

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

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.

Indemnification of Auditors

Under the terms of the audit engagement letter between the Company and its current auditors, KPMG, the Company has agreed to indemnify KPMG against all losses and liabilities incurred by KPMG in respect of any claim by a third party arising from or connected to any breach of the Company's obligations under the engagement agreement. The Company has also agreed to indemnify KPMG against any liabilities of KPMG resulting from KPMG's reliance on any information provided by the Company or its representatives which was false, misleading or inaccurate.

Non-audit services

During the period ended 30 June 2007, 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 34 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 were for taxation and assurance work closely related to the Group's audit, 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 48 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.

Peter Margin
Managing Director
and Chief Executive Officer
28 August 2007

Max Ould
Chairman
28 August 2007

directors' report – remuneration report

This report, which forms part of the Directors' Report, outlines the Board's policy for determining the nature and amount of remuneration of its Directors, the Company Secretary and senior executives of the Company and of the Group and the relationship between such policy and the Company's performance.

The adoption of the Remuneration Report will be subject to a non-binding vote of shareholders at the Company's 2007 Annual General Meeting.

Remuneration Philosophy

The performance of the Company and Group depends upon the quality of its Directors and senior executives. To prosper, the Company must attract, motivate and retain highly-skilled Directors and executives.

To this end, the Company embodies the following principles in its remuneration framework:

- provide competitive rewards to attract high-calibre executives;
- where it is appropriate to do so, link senior executive rewards to shareholder value by ensuring that appropriate performance hurdles must be achieved before an executive becomes entitled to any bonus payments; and
- for all senior executives, provide that a significant portion of remuneration is 'at risk' upon meeting pre-determined performance benchmarks.

Remuneration Committee

The Remuneration Committee of the Board of Directors of the Company is responsible for recommending to the Board the compensation arrangements for executive Directors, including the Managing Director and Chief Executive Officer (CEO), all executives who report directly to the CEO and the senior executives who report to the Managing Directors of each business unit or the heads of each corporate department. 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 Remuneration Committee.

The primary purpose of the Remuneration Committee is to provide recommendations to the Board in relation to:

- a remuneration policy to enable the Company to attract and retain executives and Directors who will create value for shareholders;
- ensuring that the executive remuneration policy demonstrates a clear relationship between executive performance and remuneration and, where appropriate, the Company's performance;
- fairly and responsibly rewarding executives having regard to the performance of the Group, the performance of the executive and the prevailing remuneration expectations in the market;
- the Company's recruitment, retention and termination policies and procedures for senior executives;
- the remuneration of direct reports to the CEO and, as appropriate, other senior executives;
- the terms and conditions of appointment (including remuneration) of the CEO and any other executive Directors; and
- any incentive schemes.

Remuneration Structure

The Company treats the remuneration structure of non-executive Directors as separate and distinct from that of executive Directors and senior executives.

Non-executive Director remuneration

Objective

The Board seeks to set aggregate remuneration at a level which provides the Company with the ability to attract and retain Directors of the highest calibre at a reasonable cost which is acceptable to shareholders.

Structure

The Constitution and the ASX Listing Rules specify that the aggregate remuneration of non-executive Directors shall be determined from time to time by general meeting. An amount not exceeding the amount determined is then divided between the Directors as agreed by the Board. The current aggregate remuneration of non-executive Directors is $1.5 million.

The amount of aggregate remuneration sought to be approved by shareholders and the manner in which it is apportioned amongst Directors will be reviewed annually. The Board considers advice as to the fees paid to non-executive Directors of comparable companies when undertaking the annual review process. When considered appropriate to do so, it will also obtain advice from external consultants.

Non-executive Directors (other than the Chairman) are each entitled to a fee of $120,000 per annum, inclusive of superannuation. The Chairman is entitled to a fee of $300,000 per annum, inclusive of superannuation. Non-executive Directors may also be reimbursed for their expenses properly incurred as a Director or in the course of their duties. No additional fees have been paid or are payable to non-executive Directors for being a member or chair of a Committee of the Board or for other services performed outside the scope of their ordinary duties as a Director. However, in order to bring non-executive Director remuneration into line with other listed companies and to recognise the time requirements of serving on a Committee, a Committee fee structure has been introduced with effect from 1 July 2007. The Chairs of the Audit Committee, Corporate Risk Committee and Remuneration Committee will receive $25,000, $18,000 and $12,000 respectively, and members will receive $12,500, $10,000 and $8,000 respectively. This will not require a change to the approved aggregate remuneration for non-executive Directors.

Messrs Degnan, Hart and Hardman did not receive fees from the Company or Group for the financial year in respect of their Board positions and do not currently receive fees in respect of those positions. Mr Degnan also assumed an interim executive role until 11 November 2006 as Managing Director of the

Group's dairy operations while the CEO, Mr Margin, was under restrictions due to the terms of a release from a former employer. Mr Degnan received no remuneration from the Company or Group in respect of this role.

The remuneration of non-executive Directors for the period ended 30 June 2007 is detailed in Table 1 on page 44.

Executive Director and Executive Remuneration

Objective

The Company aims to reward executive Directors and executives with a level and mix of remuneration having regard to their position and responsibilities within the Company and the Group and so as to:

- reward executives for Company, business unit and individual performance against targets set by reference to appropriate benchmarks;
- align the interests of executives with those of shareholders;
- link rewards with the strategic goals and performance of the Company and Group; and
- ensure total remuneration is competitive by market standards.

Structure

The Remuneration Committee determines remuneration having regard to market levels of remuneration for comparable executive roles. The total remuneration of senior executives consists of three elements:

- total fixed remuneration (TRP), which is the amount of non-variable compensation approved by the Board or, as appropriate, the CEO. Superannuation contributions and the cost of other items such as novated vehicle lease payments are deducted from the executive's TRP;
- short-term incentive payments (STI), which are awarded on the achievement of performance targets set at the beginning of each financial year and measured over the course of the financial year. The measures may include both financial and non-financial performance criteria; and
- long-term incentive payments (LTI), which are awarded on the achievement of key performance criteria over a three-year performance period. The criteria are determined by the Board at the commencement of the performance period, with the objective of achieving sustainable increases in shareholder wealth over the longer term. For the year ended 30 June 2007, long-term incentive arrangements were only applicable to the CEO. However, a share-based long-term incentive plan is intended to be introduced for key senior executives in the 2008 financial year, contingent upon shareholder approval at the 2007 Annual General Meeting.

Total Fixed Remuneration (TRP)

Objective

The level of fixed remuneration is set so as to provide a base level of remuneration which is both appropriate to the position and is competitive in the market. Fixed remuneration is determined by assessing an individual's competency level and experience against the position requirements relative to the business unit/functional alignment and external market conditions.

Fixed remuneration of the CEO and of senior executives is to be reviewed annually by the Remuneration Committee or as otherwise recommended by the CEO, such as on promotion or as a result of additional duties performed by the executive.

Following a review of Group, business unit and individual performance, relevant comparative remuneration in the market and internal, and where appropriate external, advice on policies and practices, the Remuneration Committee will present a recommendation to the Board in relation to the CEO's fixed remuneration and, in conjunction with the CEO, recommend guidelines for setting the fixed remuneration of other executives. The Board will then determine the CEO's fixed remuneration and approve the guidelines as it determines. The Committee has access to external advice independent of management if it considers it appropriate to seek such advice.

Structure

Executives are given the opportunity to receive a portion of their fixed remuneration in a variety of forms including cash and fringe benefits such as motor vehicles. It is intended to provide the executives with flexible remuneration options so that they can structure their remuneration in a manner which best suits their own circumstances without creating undue cost for the Company.

It is proposed to introduce a general employee share plan (ESP) available to employees of the Group. The ESP is being implemented in order to provide employees with a tax efficient means of investing in the shares of the Company. Contributions will be made by way of salary sacrifice. Implementation of the ESP is subject to approval by shareholders at the Company's 2007 Annual General Meeting.

The Group contributes to superannuation plans, or their equivalent in other territories outside Australia, as agreed with the executives and in a manner which satisfies their legal obligations to do so. All executives are given the option, as permitted by relevant legislation, to make additional contributions to superannuation or retirement plans.

The fixed remuneration component of the most highly-remunerated senior executives of the Company and the Group is detailed in Table 2 on page 46.

Short-term Incentive (STI)

In addition to their TRP, certain executives may be entitled to receive up to 95% of their TRP by way of payments under the Group's STI plan – up to 75% as performance-linked cash incentive payments and a further 20% under a share-based deferred incentive arrangement involving shares in Goodman Fielder Limited which are purchased on-market.

The objective of this incentive plan is to link the achievement of the Company and Group's operational targets with the remuneration received by the executives charged with meeting, or having a substantial contributory influence on meeting, those targets. The total potential incentive available is set at a level so as to provide sufficient incentive to the executive to achieve the operational targets set while being reasonable in the circumstances.

Short Term Incentive – Cash payment

Whether incentive payments are made to executives depends on the extent to which specific operating targets set at the beginning of the financial year are met. The criteria used to determine an executive's cash entitlement under the STI plan are as set out in the table below:

	% of TRP*	Division EBITDA	Division Risk Performance	Group EBITDA	Group Risk Performance
Divisional Executives	40%–75%	60%	10%	30%	–
Corporate Executives	40%–50%	–	–	90%	10%

* dependent upon position

These targets have been set with the objective of ensuring that the achievement of target performance will be rewarded in line with market remuneration and stakeholder expectations.

The above criteria have been chosen in order to meet the following objectives:

- aligning the executive's interests with those of shareholders;
- driving improved performance of the Company and Group; and
- utilising criteria over which executives can exercise control.

These criteria, and the weightings applied to them, will continue to be evaluated each year to ensure that appropriate performance criteria are being used to motivate executives in light of changing company and stakeholder objectives and interests.

Financial and risk management targets are set prior to the commencement of each financial year and achievement of those targets is measured over the course of the financial year. Risk management performance is confirmed through the internal assessment of achievement against performance targets at the end of the financial year. Achievement of financial performance targets is confirmed once the Company's annual accounts have been audited and released to the market. Cash incentive entitlements, to the extent earned, are paid in the month following the release of the Company's results. The on-market acquisition of shares to allocate to executives under the deferred incentive arrangement would take place during the trading window following the announcement of the Company's 2008 financial results, in accordance with the Company's Share Trading Policy.

CEO

The CEO's entitlement to a bonus payment under the STI plan is dependent upon the Company meeting key performance indicators which are established annually by the Board. The CEO must be employed by the Company on the date that the incentive is paid in order to be entitled to payment. The CEO will be eligible to receive up to 50% of his fixed remuneration in the form of an STI in any year or as otherwise determined by the Board. For the financial period ended 30 June 2007, the CEO's entitlement to a payment under the STI plan was based on the achievement of the Company's EBITDA target. Details of the components of the CEO's remuneration are set out in Table 1 on page 44.

Chief Financial Officer (CFO)

The CFO's entitlement to a bonus payment under the STI plan is dependent upon the achievement of financial and personal targets established annually by the Board. For the financial year ended 30 June 2007, the CFO's incentive under the STI plan was 50% of his fixed remuneration (pro rata), which was fixed and non-discretionary. Details of the components of the CFO's remuneration are set out in Table 2 on page 46.

Company Secretary

The Company Secretary's incentive under the STI plan is determined annually by the Board, based upon the achievement of financial and personal targets. The Company Secretary's incentive under the STI plan was 40% of his fixed remuneration. Details of the components of his remuneration are set out in Table 2 on page 46.

Short-term Incentive – Deferred Incentive Arrangement

During the year, certain executives of the Group were also offered the right to receive shares in Goodman Fielder Limited, under a deferred incentive arrangement, subject to the achievement of performance criteria. This additional incentive was offered solely in relation to the 2007 financial year and, for future years, will be replaced by a proposed Performance Share Plan (PSP) as detailed below. The total potential share allocation of each participating executive was determined on the basis of 20% of that executive's fixed remuneration, and entitlements to shares under the incentive plan were dependent upon whether the Group achieved a specified NPAT target for the 2007 financial year.

Executives' entitlements to shares under the deferred incentive arrangement are determined following completion of the audit of the Company's financial statements for the year ended 30 June 2007 and any shares to be allocated to those executives are to be purchased on-market the following year, after the release of the Company's results for the year ended 30 June 2008. The Group did not achieve the NPAT target required under the deferred incentive plan.

Vesting of 2007 short-term Incentive Payments

Amounts paid or payable to executives for short-term incentives are set out in Table 2 on page 46. As the Group did not achieve its specified EBITDA target in respect of the 2007 financial year, the performance conditions applicable to the payment of incentives relating to Group EBITDA have not been met.

Long-term Incentive (LTI)

The CEO is also eligible to receive bonus payments pursuant to an LTI plan over rolling three year periods which commenced 1 July 2006. The CEO's entitlement to a bonus payment under the LTI plan will be subject to the Company meeting key performance criteria determined by the Board for the relevant three-year period. For the initial three-year period, Mr Margin's performance criteria related to restructuring of the Group's New Zealand businesses and establishing a platform for future growth of those operations once his restriction from management of the Group's dairy operations had ended. Entitlement to payment is subject to the CEO remaining in employment with the Company at the date of payment of the incentive amount. The incentive will be paid no earlier than 40 days after expiration of the relevant LTI period. The CEO will be eligible to receive up to 50% of his fixed remuneration in any year or as otherwise determined by the Board.

A PSP is proposed to be introduced for certain senior executives of the Group, to take effect from 1 July 2007. The PSP is being implemented for the 2008 financial year in order to bring the total remuneration levels of senior executives into line with executive remuneration in other large listed companies, and to ensure that executive remuneration is aligned with shareholder interests. Implementation of the PSP is subject to approval by shareholders at the Company's 2007 Annual General Meeting.

The PSP operates over a three-year period and will deliver a benefit to participating executives only if the Company achieves its targets over the three-year period for growth in earnings per share and return on capital employed. The PSP offers participants the right to receive Goodman Fielder shares which have been purchased on-market, subject to the achievement of the performance criteria determined by the Board. The number of shares to which an executive is entitled under the PSP if the performance targets have been achieved is equal to 20% of the executive's TRP, divided by the share price on the day prior to commencement of the performance period.

Other discretionary payments or benefits

Other than in circumstances where an executive has elected to receive his or her remuneration by way of benefits instead of cash, no other discretionary payments or benefits were given to Directors or senior executives during the financial period ended 30 June 2007.

Group Performance

A significant proportion of the CEO and senior executives' remuneration is 'at risk' remuneration and is aligned to Group performance. In considering the Company's performance and benefits for shareholder wealth in implementing and maintaining such incentive programs, the Remuneration Committee has regard to a number of indicators of Company performance, including the Company's earnings (EBITDA and NPAT), earnings per share (EPS) and return on capital employed (ROCE). EPS and ROCE performance are considered to be the most effective measures for determining and rewarding increases in shareholder wealth. The Remuneration Committee has not recommended a performance measure based upon total shareholder return (TSR), as it considers this measure to incorporate factors which are beyond the control of senior executives.

The Remuneration Committee considers that a performance-linked remuneration structure will ensure that the rewards paid to senior executives will be aligned with the interests of the Company, the Group and shareholders and will therefore provide the greatest chance of the Company achieving its financial and operational targets.

Relationship between Remuneration Policy and Company Performance

The following financial performance information has been included in accordance with the requirements of the *Corporations Act 2001*.

	FY2005 A$ M (Pro forma results)	**FY2006 A$ M (Pro forma results)**	**FY2007 A$ M**
EBITDA	$376.4	$413.1	$444.1
EBIT	$322.2	$360.1	$388.9
NPAT (including OEI)	–	$197.5	$243.2
EPS	–	14.7 cents	18.1 cents
Dividend	–	5.5 cents	13.5 cents

Notes:

- Results for the financial years ended 30 June 2005 and 30 June 2006 respectively represent the aggregate financial performance of the businesses now forming part of the Group and have been presented on a pro forma basis in order to provide a meaningful comparison with the targets set out in the Company's IPO Prospectus and the performance of the Company in the financial year ended 30 June 2007.
- All pro forma results presented in this Report are unaudited. For more detail on the basis of the calculation of the historical pro forma results from the operations of the Group refer to Sections 7 and 8 and Appendix A of the Company's IPO Prospectus and the Company's 2006 Annual Report.
- The Company commenced trading on 21 December 2005 and acquired the Baking, Spreads and Oils businesses of the Group on 21 December 2005 and the business of New Zealand Dairy Foods Holdings Limited on 22 December 2005.
- The dividend paid in October 2006 in respect of the earnings of the Group for the financial period ended 30 June 2006 represents a dividend paid out of the profits of the continuing operations of the Group for the period 21 December 2005 to 30 June 2006.
- As the Company only commenced operations on 21 December 2005, it is only able to report financial performance for its operations since that date. The additional pro forma results are included for the purposes of comparison only.

The Remuneration Committee will continue to regularly review the effectiveness of the remuneration structure of senior executives, and the financial and operational performance criteria for earning variable remuneration, with a view to ensuring that it maximises the Company's performance and benefits shareholder wealth.

Employment Contracts

The Company or one of its subsidiaries has entered into employment arrangements with each of the Directors and senior executives. 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, Remuneration Committee and CEO, as appropriate.

It is the Group's policy that employment arrangements with senior executives be unlimited in term but capable of termination on notice, the length of which varies having regard to the seniority of the relevant executive. Following the review and updating of their employment arrangements, the Company must provide the CEO and direct executive reports twelve months' notice of termination. The Company retains the right to terminate these employment arrangements by making a payment in lieu of the relevant notice period. Executives are entitled to receive upon the termination of their employment 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.

Directors and Executives Remuneration (Company and Consolidated)

Details of the nature and amount of each major element of remuneration of Directors of the Company are set out in Table 1 below.

Table 1: Remuneration of Directors for the Financial Year ended 30 June 2007

		Short-term benefits		
A$		**Salary & fees**	**Short-term cash incentives** [5]	**Non-monetary** [7]
Non-executive Directors				
M G Ould	**2007**	**165,798**	**–**	**–**
Chairman, appointed 31 August 2006	2006	69,698	–	–
T J Degnan [3]	**2007**	**–**	**–**	**–**
Chairman to 30 August 2006 and interim Managing Director of dairy operations to 11 November 2006	2006	–	–	–
T G Hardman [4]	**2007**	**–**	**–**	**–**
Director	2006	–	–	–
G R Hart [4]	**2007**	**–**	**–**	**–**
Director	2006	–	–	–
C A Hooke	**2007**	**21,645**	**–**	**–**
Director, appointed 19 April 2007	2006	–	–	–
H E Perrett	**2007**	**116,238**	**–**	**–**
Director	2006	74,352	–	–
G R Walker	**2007**	**38,182**	**–**	**–**
Director, appointed 23 February 2007	2006	–	–	–
Total remuneration for non-executive Directors	**2007**	**341,863**	**–**	**–**
	2006	144,050	–	–
Executive Directors				
P M Margin	**2007**	**1,222,751**	**–**	**98,269**
Managing Director and Chief Executive Officer	2006	713,355	300,000	20,319
Total remuneration for all Directors	**2007**	**1,564,614**	**–**	**98,269**
	2006	857,405	300,000	20,319

Post-employment						
Superannuation	Other post-employment benefits	Other long-term benefits	Termination Benefits	Share-based payment [8]	Total [2]	Proportion of remuneration performance related (%)
105,113	**–**	**–**	**–**	**–**	**270,911**	**–**
6,211	–	–	–	–	75,909	–
–	**–**	**–**	**–**	**–**	**–**	**–**
–	–	–	–	–	–	–
–	**–**	**–**	**–**	**–**	**–**	**–**
–	–	–	–	–	–	–
–	**–**	**–**	**–**	**–**	**–**	**–**
–	–	–	–	–	–	–
2,165	**–**	**–**	**–**	**–**	**23,810**	**–**
–	–	–	–	–	–	–
3,682	**–**	**–**	**–**	**–**	**119,920**	**–**
1,557	–	–	–	–	75,909	–
3,818	**–**	**–**	**–**	**–**	**42,000**	**–**
–	–	–	–	–	–	–
114,778	**–**	**–**	**–**	**–**	**456,641**	**–**
7,768	–	–	–	–	151,818	–
42,385	**–**	**–**	**–**	**–**	**1,363,405**	**–**
27,040	–	–	–	–	1,060,714	28.3%
157,163	**–**	**–**	**–**	**–**	**1,820,046**	**–**
34,808	–	–	–	–	1,212,532	24.7%

Table 2 discloses details of the remuneration of the five (5) executives of the Company and Group who received the highest remuneration in the year. For the purposes of this Remuneration Report, Mr Margin (whose remuneration is disclosed with the other Directors' remuneration in Table 1), Mr Beck and Mr West are the sole Company executives. Messrs Erby, Glik, Goldsmith, Hardie and Hitchcock and Ms Taylor are Group executives. Messrs Glik and Goldsmith have been included in the table below for the purposes of full disclosure of the remuneration of the most senior executives of the Group.

Table 2: Remuneration of Company and Group Executives for the Financial Year ended 30 June 2007

		Short-term benefits		
A$		Salary & fees	Short-term cash incentives [5]	Non-monetary [7]
A W Beck	**2007**	**263,807**	**–**	**–**
Chief Financial Officer, resigned 31 December 2006	2006	379,167	200,000	–
G G W Erby [9]	**2007**	**504,497**	**304,500**	**1,542**
Managing Director, GF Home Ingredients	2006	368,525	200,000	17,385
D C Glik	**2007**	**147,015**	**–**	**5,904**
Managing Director, GF Fresh Dairy, appointed 8 March 2007	2006	–	–	–
D K Goldsmith [6]	**2007**	**107,227**	**75,000**	**388**
Chief Financial Officer, appointed 2 April 2007	2006	–	–	–
G J Hardie [9]	**2007**	**620,412**	**352,800**	**81,015**
Managing Director, GF Fresh Baking	2006	424,182	468,000	44,749
P W Hitchcock [9]	**2007**	**516,458**	**235,200**	**27,441**
Managing Director, GF Commercial	2006	386,255	430,000	8,956
A J Taylor [1][9]	**2007**	**479,178**	**–**	**21,065**
Managing Director, Retail New Zealand, resigned 23 February 2007	2006	494,096	268,228	22,639
J West [9]	**2007**	**357,549**	**–**	**9,828**
Company Secretary & Group General Counsel	2006	180,785	59,577	758
Total remuneration for executives	**2007**	**2,996,143**	**967,500**	**147,183**
	2006	2,233,010	1,625,805	94,487

(1) Remuneration is payable in currencies other than Australian dollars and for the purposes of disclosure has been converted to Australian dollars at the rate of A$1/NZ$1.1479 (2006: A$1:NZ$1.11845).

(2) Amounts disclosed as 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. 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.

(3) Mr Degnan received no remuneration from Goodman Fielder Limited or entities within the Goodman Fielder Group during the financial year. Mr Degnan is the Managing Director of Burns, Philp & Company Pty Limited (formerly Burns, Philp & Company Limited) (Burns Philp) and received remuneration from Burns Philp in respect of his position. Remuneration paid by Burns Philp has not been allocated to Mr Degnan's Directorship of Goodman Fielder Limited as the Directors believe that no reasonable basis for such allocation exists.

(4) These Directors received no remuneration from Goodman Fielder Limited or entities within the Goodman Fielder Group during the financial year.

(5) Short-term incentive bonuses are granted in relation to performance during the financial year ended 30 June 2007, on the basis of the criteria set out on pages 41 and 42. The executives must be employed by a Group company at 30 June 2007 to be eligible to receive the incentive payment. Certain executives were not eligible to receive short-term incentive bonuses as the Group did not achieve the specified performance target for payment of those amounts. Mr Goldsmith earned 100% of his STI entitlement. Messrs Hardie, Erby and Hitchcock earned 70%, 74% and 61% respectively.

Post-employment						
Superannuation	Other post-employment benefits	Other long-term benefits	Termination Benefits	Share-based payment [8]	Total [2]	Proportion of remuneration performance related (%)
21,192	**–**	**–**	**471,690**	**–**	**756,689**	**–**
37,500	–	–	–	–	616,667	32.4%
40,628	**–**	**–**	**–**	**–**	**851,167**	**35.8%**
30,000	–	–	–	–	615,910	32.5%
14,128	**–**	**–**		**–**	**167,047**	**–**
–	–	–	–	–	–	–
42,385	**–**	**–**	**–**	**–**	**225,000**	**33.3%**
–	–	–	–	–	–	–
12,686	**–**	**–**	**–**	**–**	**1,066,913**	**33.1%**
12,139	–	–	–	–	949,070	49.3%
42,000	**–**	**–**	**–**	**–**	**821,099**	**28.6%**
42,250	–	–	–	–	867,461	49.6%
62,154	**–**	**–**	**516,853**	**–**	**1,079,250**	**–**
52,202	–	–	–	–	837,165	32.0%
35,909	**–**	**–**	**–**	**–**	**403,286**	**–**
17,985	–	–	–	–	259,105	23.0%
271,082	**–**	**–**	**988,543**	**–**	**5,370,451**	**18.0%**
192,076	–	–	–	–	4,145,378	39.2%

(6) It was a term of Mr Goldsmith's letter of appointment that for the period from the commencement of his employment until 30 June 2007, Mr Goldsmith was entitled to a short-term cash incentive of 50% of his fixed remuneration. For the purpose of calculating the proportion of Mr Goldsmith's remuneration that is performance-related, his $75,000 cash incentive payment pursuant to the STI plan was considered to be related to performance, despite being fixed in advance for the period.

(7) These amounts represent remuneration received in non-monetary form, including car park allowances, housing allowances and other fringe benefits, as well as the net increase in leave entitlements accrued during the financial year.

(8) No options over unissued shares in the Company were granted to any Director or executive of the Goodman Fielder Group as part of their remuneration during the financial year and there are no unvested options held by any Director or executive. During the year certain executives were invited to participate in a deferred incentive plan which provided for a portion of that executive's short- term incentive to be received in the form of shares purchased on-market, upon the achievement by the Group of a specified NPAT target for the year ended 30 June 2007. As this NPAT target was not achieved, none of the executives became entitled to a share-based payment in respect of the incentive.

(9) In January 2007, the Burns Philp Group paid each of these executives an incentive payment for remaining employed in their positions as executives of Goodman Fielder Group until 31 December 2006. No member of the Goodman Fielder Group had any liability to make such a payment.

lead auditor's independence declaration

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 financial year ended 30 June 2007 there have been:

- No contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the audit; and
- No contraventions of any applicable code of professional conduct in relation to the audit.

KPMG

KPMG

David Rogers

David Rogers
Partner

Sydney
28 August 2007

board of directors

Peter Margin
Managing Director and
Chief Executive Officer

Max Ould
Chairman

Graeme Hart
Non-executive Director

Thomas Degnan
Non-executive Director

Timothy Hardman
Non-executive Director

Hugh Perrett
Non-executive Director

Clive Hooke
Non-executive Director

Gavin Walker
Non-executive Director

senior management

Gordon Hardie
Managing Director
GF Fresh Baking

Geoff Erby
Managing Director
GF Home Ingredients

David Goldsmith
Chief Financial Officer

David Clark
Human Resources
Director

Jonathon West
Company Secretary and
Group General Counsel

Malcolm Pascoe
Chief Information Officer

David Glik
Managing Director,
GF Fresh Dairy

Paul Hitchcock
Managing Director
GF Commercial

financial information

income statements

for the year ended 30 June 2007

	Note	Consolidated 2007 $m	Consolidated 2006[1] $m	Company 2007 $m	Company 2006[2] $m
Revenue from continuing operations					
Sale of goods		**2,426.7**	1,522.6	**–**	–
Other income	5	**1.8**	5.5	**147.1**	–
Cost of sales		**(1,469.8)**	(917.9)	**–**	–
Other expenses from operating activities					
Warehousing and distribution		**(304.7)**	(152.1)	**–**	–
Selling and marketing		**(182.2)**	(116.9)	**–**	–
General and administration		**(86.6)**	(57.4)	**–**	–
Other		**(27.7)**	(39.6)	**–**	(0.1)
Expenses, excluding finance costs		**(2,071.0)**	(1,283.9)	**–**	(0.1)
Net financing (costs)/income	6	**(42.0)**	(36.7)	**55.3**	(0.4)
Share of net profits of jointly controlled entities	41	**–**	0.2	–	–
Profit/(loss) before income tax		**315.5**	207.7	**202.4**	(0.5)
Income tax expense	7	**(72.3)**	(57.7)	**(8.7)**	(2.6)
Profit/(loss) from continuing operations		**243.2**	150.0	**193.7**	(3.1)
Gain from discontinued operations and gain on sale of discontinued operations, net of tax	8	**–**	236.4	**–**	–
Profit/(loss) for the year		**243.2**	386.4	**193.7**	(3.1)
Profit/(loss) is attributable to:					
Equity holders of Goodman Fielder Limited		**239.8**	384.7	**193.7**	(3.1)
Minority interests		**3.4**	1.7	**–**	–
		243.2	386.4	**193.7**	(3.1)
		Cents	Cents		
Earnings per share for profit from continuing operations attributable to the ordinary equity holders of the Company:					
Basic and diluted earnings per share	44	**18.10**	18.09		
Earnings per share from discontinued operations attributable to the ordinary equity holders of the Company:					
Basic and diluted earnings per share	44	**–**	28.84		

[1] Results for 2006 represent a full year's trading for Home Ingredients Australia and Commercial Australia. Fresh Baking, Fresh Dairy, Pacific and other New Zealand operations were consolidated from December 2005, the date of acquisition.

[2] For the period from incorporation on 26 September 2005 to 30 June 2006.

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

balance sheets
as at 30 June 2007

	Note	Consolidated 2007 $m	Consolidated 2006 $m	Company 2007 $m	Company 2006 $m
Assets					
Current assets					
Cash and cash equivalents	9	**85.8**	104.6	**–**	1.0
Trade and other receivables	10	**307.8**	268.3	**30.2**	26.0
Inventories	11	**153.5**	138.3	**–**	–
Derivative financial instruments	12	**14.7**	1.4	**–**	–
Other current assets	13	**9.0**	5.6	**–**	–
Total current assets		**570.8**	518.2	**30.2**	27.0
Non-current assets					
Derivative financial instruments	12	**20.3**	9.3	**–**	–
Receivables	14	**–**	1.4	**446.1**	484.1
Other investments	15	**–**	–	**2,154.6**	2,157.0
Property, plant and equipment	16	**492.5**	472.5	**–**	–
Deferred tax assets	17	**68.9**	91.2	**16.5**	22.2
Intangible assets	18	**2,199.9**	1,972.4	**–**	–
Other non-current assets	19	**4.2**	3.4	**–**	–
Retirement benefit surplus	20	**3.0**	4.4	**–**	–
Total non-current assets		**2,788.8**	2,554.6	**2,617.2**	2,663.3
Total assets		**3,359.6**	3,072.8	**2,647.4**	2,690.3
Liabilities					
Current liabilities					
Derivative financial instruments	12	**4.9**	–	**–**	–
Trade and other payables	21	**285.8**	293.8	**–**	0.2
Borrowings	22	**1.4**	1.0	**–**	–
Provisions	24	**42.4**	46.4	**–**	–
Current tax liabilities		**8.9**	20.3	**22.2**	20.6
Total current liabilities		**343.4**	361.5	**22.2**	20.8
Non-current liabilities					
Payables	25	**0.6**	1.0	**–**	85.8
Borrowings	26	**1,095.8**	931.0	**–**	–
Deferred tax liabilities	27	**22.2**	16.6	**2.4**	2.2
Provisions	28	**16.7**	25.7	**–**	–
Total non-current liabilities		**1,135.3**	974.3	**2.4**	88.0
Total liabilities		**1,478.7**	1,335.8	**24.6**	108.8
Net assets		**1,880.9**	1,737.0	**2,622.8**	2,581.5
Equity					
Contributed equity	29	**1,742.3**	1,742.3	**2,584.6**	2,584.6
Reserves	30(a)	**(55.6)**	(117.2)	**–**	–
Retained profits	30(b)	**187.0**	103.3	**38.2**	(3.1)
Total equity attributable to equity holders of the Company		**1,873.7**	1,728.4	**2,622.8**	2,581.5
Minority interests	31	**7.2**	8.6	**–**	–
Total equity		**1,880.9**	1,737.0	**2,622.8**	2,581.5

The above balance sheets should be read in conjunction with the accompanying notes.

statements of recognised income and expense

for the year ended 30 June 2007

		Consolidated		Company	
	Note	2007 $m	2006[1] $m	2007 $m	2006[2] $m
Other movements in retained earnings		**(2.3)**	–	**–**	–
Net change in fair value of retirement benefit plan		**(1.4)**	–	**–**	–
Foreign exchange translation differences	30(a)	**47.8**	(123.6)	**–**	–
Gains on cash flow hedges taken to equity	30(a)	**13.8**	6.4	**–**	–
Net income/(expense) recognised directly in equity		**57.9**	(117.2)	**–**	–
Profit/(loss) for the year		**243.2**	386.4	**193.7**	(3.1)
Total recognised income and expense for the year		**301.1**	269.2	**193.7**	(3.1)
Total recognised income and expense for the year is attributable to:					
Members of Goodman Fielder Limited		**297.7**	267.5	**193.7**	(3.1)
Minority interests		**3.4**	1.7	**–**	–
Total recognised income and expense for the year		**301.1**	269.2	**193.7**	(3.1)

[1] Results for 2006 represent a full year's trading for Home Ingredients Australia and Commercial Australia. Fresh Baking, Fresh Dairy, Pacific and other New Zealand operations were consolidated from December 2005, the date of acquisition.

[2] For the period from incorporation on 26 September 2005 to 30 June 2006.

The amounts recognised directly in equity are disclosed net of tax – see note 7.

The above statements of recognised income and expense should be read in conjunction with the accompanying notes.

cash flow statements
for the year ended 30 June 2007

	Note	Consolidated 2007 $m	Consolidated 2006[1] $m	Company 2007 $m	Company 2006[2] $m
Cash flows from operating activities					
Receipts from customers (inclusive of goods and services tax)		**2,597.9**	1,726.3	**–**	–
Payments to suppliers and employees (inclusive of goods and services tax)		**(2,216.9)**	(1,572.9)	**–**	(0.1)
		381.0	153.4	**–**	(0.1)
Interest received		**3.2**	3.2	**5.3**	4.4
Interest paid		**(66.7)**	(31.8)	**–**	(3.0)
Income taxes paid		**(72.7)**	(35.4)	**–**	–
Net cash inflow from operating activities	42	**244.8**	89.4	**5.3**	1.3
Cash flows from investing activities					
Payment for subsidiaries, net of cash acquired	38	**(125.5)**	(3,259.6)	**–**	(2,567.5)
Payments for property, plant and equipment		**(50.9)**	(43.8)	**–**	–
Settlement from disposal of discontinued operations, net of costs and cash disposed of	8	**–**	295.0	**–**	–
Proceeds from sale of property, plant and equipment		**0.7**	8.1	**–**	–
Settlement from the sale of controlled entities		**2.5**	–	**–**	–
Dividends received		**–**	–	**147.1**	–
Net cash (outflow)/inflow from investing activities		**(173.2)**	(3,000.3)	**147.1**	(2,567.5)
Cash flows from financing activities					
Proceeds from issue of share capital		**–**	2,650.0	**–**	2,650.0
Transaction costs		**–**	(65.4)	**–**	(65.4)
Repayment of related party borrowings		**–**	(296.9)	**–**	–
Repayment of intercompany borrowings		**–**	–	**(1.0)**	(17.4)
Proceeds from borrowings		**253.2**	1,100.0	**–**	–
Repayment of borrowings		**(147.3)**	(111.5)	**–**	–
Dividends paid	32	**(152.4)**	(203.2)	**(152.4)**	–
Payment of deferred consideration		**(47.3)**	(61.4)	**–**	–
Net cash (outflow)/inflow from financing activities		**(93.8)**	3,011.6	**(153.4)**	2,567.2
Net (decrease)/increase in cash and cash equivalents		**(22.2)**	100.7	**(1.0)**	1.0
Cash and cash equivalents at the beginning of the financial year		**104.6**	3.9	**1.0**	–
Effects of exchange rate changes on cash and cash equivalents		**3.4**	–	**–**	–
Cash and cash equivalents at end of year	9	**85.8**	104.6	**–**	1.0

[1] Results for 2006 represent a full year's trading for Home Ingredients Australia and Commercial Australia. Fresh Baking, Fresh Dairy, Pacific and other New Zealand operations were consolidated from December 2005, the date of acquisition.

[2] For the period from incorporation on 26 September 2005 to 30 June 2006.

The above cash flow statements should be read in conjunction with the accompanying notes.

notes to the financial statements

1. Summary of significant accounting policies

Goodman Fielder Limited (the 'Company') 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 separate financial statements for the Company as an individual entity and the consolidated entity consisting of Goodman Fielder Consumer Foods Pty Limited, as the accounting parent, and its deemed subsidiaries (together referred to as the 'Group' or the 'consolidated entity').

The financial report was authorised for issue by the Directors on 28 August 2007.

(a) Basis of preparation

(i) Statement of compliance with IFRS

The financial report is a general purpose financial report which has 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 report of the Group and the financial report of the Company also comply with the International Financial Reporting Standards ('IFRSs') and interpretations adopted by the International Accounting Standards Board.

(ii) Early adoption of standards

The Group has elected to apply the following pronouncements to the annual reporting period beginning 1 July 2006:

- AASB 2007-4 *Amendments to Australian Accounting Standards arising from ED 151 and Other Amendments* (issued April 2007)
- AASB 101 *Presentation of Financial Statements* (issued October 2006)

This includes applying the pronouncements to the comparatives in accordance with AASB 108. No adjustments to any of the financial statements were required for the above pronouncements, but certain disclosures are no longer required and have therefore been omitted. Certain comparative amounts have been reclassified to conform to the current year's presentation.

(iii) Basis of measurement

The consolidated financial statements have been prepared on the historical cost basis except for the following:

- derivative financial instruments are measured at fair value
- financial instruments measured at fair value recognised through the profit or loss
- available-for-sale financial assets are measured at fair value.

The methods used to measure fair value are discussed further in note 1(f).

(iv) Accounting judgements, estimates and assumptions

The preparation of financial statements in conformity with Australian equivalents to International Financial Reporting Standards ('AIFRSs') 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 AIFRS 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:

- Goodman Fielder Limited is the legal parent entity of the Group and presents consolidated financial information; 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.

This reflects 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 more detail in note 29.

The consolidated financial information incorporates the assets and liabilities of all entities deemed to be acquired by GFCF, including Goodman Fielder Limited, and the 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) 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.

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 purchase method of accounting is used to account for the acquisition of subsidiaries by the Group (refer to note 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.

Investments in subsidiaries are accounted for at cost in the individual financial statements of Goodman Fielder Limited.

(iii) Jointly controlled entities

In the consolidated financial statements, 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 the jointly controlled entities are set out in note 41.

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. Other movements in the reserves of jointly controlled entities are recognised directly in the consolidated reserves.

(c) Segment reporting

A business segment is identified for a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different to those of other business segments. A geographical segment is identified when products or services are provided within a particular economic environment subject to risks and returns that are different from those of segments operating in other economic environments.

(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 consolidated 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 Australian dollars at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in the income statement. 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 ruling 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 ruling at the balance sheet date. The revenues and expenses of foreign operations are translated to Australian dollars at rates approximating the foreign exchange rates ruling at the dates of the transactions. Foreign exchange differences arising on translation are recognised directly in a separate component of equity.

Exchange differences arising from the translation of the net investment in foreign operations, and of related hedges, are taken to the foreign currency translation reserve. They are released into the income statement upon disposal.

(e) Derivatives

The consolidated entity 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 policy, the consolidated entity 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 of 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 30. The full fair value of a hedging derivative is classified as a non-current asset or liability when the remaining maturity of the hedged item is more than 12 months; it is classified as a current asset or liability when the remaining maturity of the hedged item is less than 12 months.

(i) Hedge of monetary assets and liabilities

When a derivative financial instrument is used to hedge economically 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

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 forecasted transaction, the effective part of any gain or loss on the derivative financial instrument is recognised directly in the hedge reserve, a separate component of equity. The associated cumulative gain or loss is removed from equity and recognised in the income statement in the same period or periods during which the hedged forecast transaction affects profit or loss.

notes to the financial statements continued

1. Summary of significant accounting policies continued

(e) Derivatives continued

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 value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is 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.

The carrying value less impairment provision of trade receivables and payables are assumed to approximate their fair values due to their short-term nature. The fair value of 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 (see below) and any accumulated impairment losses. Leasehold improvements are measured at cost plus any remediation costs.

Land is not depreciated. Depreciation is charged to the income statement on a straight-line basis, or diminishing value basis, over the estimated useful lives of each part of an item of property, plant and equipment. The estimated useful lives in the current and comparative periods are as follows:

	Straight-line	Diminishing value
Freehold buildings	2% – 5%	4% – 6%
Leasehold improvements	The shorter of the lease term or the life of the leasehold asset	
Plant and equipment	4% – 60%	4% – 50%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet 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 carrying amount. These are included in the income statement.

(h) Business combinations

All business combinations are accounted for by applying the purchase method which includes the reverse acquisition method. Cost is measured as the fair value of the assets given, shares issued or liabilities incurred or assumed at the date of exchange plus costs directly attributable to the acquisition.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interest. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill (refer to note 1(i)). If the cost of acquisition is less than the Group's share of the fair value of the identifiable net assets of the subsidiary acquired, the difference is recognised directly in the income statement, but only after a reassessment of the identification and measurement of the net assets acquired.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

(i) Intangible assets

(i) Goodwill

Business combinations prior to 1 July 2004

Goodwill is included on the basis of its deemed cost, which represents the amount recorded under previous Australian Accounting Standards. The classification and accounting treatment of business combinations that occurred prior to 1 July 2004 was not reconsidered in preparing the Group's opening IFRS balance sheet at 1 July 2004.

Business combinations since 1 July 2004

All business combinations are accounted for by applying the purchase method which includes the reverse acquisition method described in note 1(b).

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.

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) below).

(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 company 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 in accordance with the estimated timing of the benefits expected to be received from those assets.

Currently the company has one finite life licence, which is being amortised over its 10 year life on a straight-line basis.

(j) Impairment of assets

The carrying amounts of the Group's assets, other than inventories, employee benefit assets 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 (see accounting policy below).

For goodwill and intangible assets with indefinite useful lives, the recoverable amount is estimated at each balance sheet 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.

(i) Calculation of recoverable amount

The recoverable amount of the Group's 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 balance sheet 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.

(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.

(iii) Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised when:

- the rights to receive cash flows from the asset have expired;
- the Group retains the right to receive cash flows from the asset, 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 asset and either (a) has transferred substantially all the risks and rewards of the asset, or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

(k) Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

(i) Sale of goods

Revenue is recognised (net of returns, discounts and allowances) 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.

1. Summary of significant accounting policies continued

(k) Revenue recognition continued

(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) Dividends

Dividends are recognised as revenue when the right to receive payment is established.

Revenue from dividends and distributions from controlled entities is recognised by the Group when they are declared by the controlled entities.

(l) Income tax

Income tax on the profit or loss for the periods presented 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.

Current tax is the expected tax payable on the taxable income for the period, using tax rates enacted or substantially enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is 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 affect neither accounting nor taxable profit, nor differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is 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 the balance sheet 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.

(i) Tax consolidation

Goodman Fielder Ltd ('GFL') and its wholly owned Australian resident subsidiaries have formed a tax consolidated group with effect from 1 November 2005 and are therefore taxed as a single entity from that date. GFL is the head entity of the tax consolidated group. Members of the tax consolidated group have entered into a tax sharing agreement which provides for the allocation of income tax liabilities between the entities should the head entity default on its tax payment obligations. At the balance date, the probability of default is remote.

(ii) Tax effect accounting by members of the tax consolidated group

Members of the tax consolidated group have entered into a tax funding agreement.

Under the tax funding agreement, the group allocation approach is applied in determining the appropriate amount of current taxes to allocate to members of the tax consolidated group in accordance with UIG 1052 *Tax Consolidation Accounting*. Under this approach, each entity in the tax consolidated group recognises the income tax expense and any amount of deferred tax asset/liability arising from temporary differences which are specific to that entity. The corresponding entry is recognised as an increase/decrease in the subsidiaries' inter-company accounts with the tax consolidated group head company, GFL.

The only exceptions are the recognition of deferred tax assets arising from tax losses, capital losses, tax attributes and adjustments which will be transferred to and recognised by the head entity. The head entity will compensate the relevant subsidiary for the amount of any transferred deferred tax asset arising from these items.

(m) Operating leases

Payments made under operating leases are recognised in the income statement on a straight-line basis over the term of the lease. Lease incentives received are recognised in the income statement as an integral part of the total lease expense and spread over the lease term.

(n) Cash and cash equivalents

For cash flow statement 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 balance sheet.

(o) 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 'other expenses'. When a trade receivable is uncollectible, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited against other expense in the income statement.

(p) 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.

(q) Discontinued operations

A discontinued operation is a component of the Group's business that represents a separate major line of business or geographical area of operations or is a subsidiary acquired exclusively with a view to resale. Classification as a discontinued operation occurs upon disposal or when the operation meets the criteria to be classified as held for sale, if earlier. Upon classification as a discontinued operation or asset held for sale, the Group ceases to depreciate or amortise non-current assets classified as held for sale, including non-current assets of disposal groups held for sale.

The 2006 comparative financial information has been reclassified to exclude the income and expenditure of operations classified as discontinued during 2007.

(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.

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, foreign exchange gains and losses, and gains and losses on hedging instruments that are recognised in the income statement. Borrowing costs are expensed as incurred and included in finance costs.

Interest income is recognised in the income statement as it accrues, using the effective interest method.

(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) Surplus leased premises

Provision is made for non-cancellable operating lease rentals payable on surplus leased premises when it is determined that no substantive future benefit will be obtained from its occupancy and sub-lease rentals are less than the lease rental payable. The estimate is calculated based on discounted net future cash flows, using the interest rate implicit in the lease or an estimate thereof.

(ii) 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.

(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 consolidated entity expects to pay as at the reporting date including related on-costs. Liabilities for non-accumulating sick leave are recognised when the leave is taken and are measured at the rates paid or payable.

(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 Australian Commonwealth Government Bond yields.

notes to the financial statements continued

1. Summary of significant accounting policies continued

(u) Employee benefits continued

(iii) Retirement benefit obligations

The Group's net obligation in respect of defined benefit superannuation funds is calculated separately for each fund by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods. That benefit is discounted to determine its present value and the fair value of any fund assets is deducted.

The discount rate used is the yield at the balance sheet date on government bonds that have maturity dates approximating the terms of the Group's obligations. The calculation is performed by a qualified actuary using the projected unit credit method.

When the benefits of a fund are improved, the portion of the increased benefit relating to past service by employees is recognised as an expense in the income statement on a straight-line basis over the average period until the benefits become vested. To the extent that the benefits vest immediately, the expense is recognised immediately in the income statement.

In calculating the Group's obligation in respect of a fund, to the extent that any cumulative unrecognised actuarial gain or loss exceeds 10% of the greater of the present value of the defined benefit obligation and the fair value of fund assets, that portion is recognised in the income statement over the expected average remaining working lives of the employees participating in the fund. Otherwise, the actuarial gain or loss is not recognised.

When the calculation results in fund assets exceeding liabilities, the recognised asset is limited to the net total of any unrecognised actuarial losses and past service costs and the present value of any future refunds from the plan or reductions in future contributions to the fund. Past service cost is the increase in the present value of the defined benefit obligation for employee services in prior periods, resulting in the current period from the introduction of, or changes to, post-employment benefits or other long-term employee benefits. Past service costs may either be positive (where benefits are introduced or improved) or negative (where existing benefits are reduced).

Obligations for contributions to defined contribution superannuation funds are recognised as an expense in the income statement as incurred.

(v) 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.

(w) Dividends

A liability for dividends payable is recognised in the period in which the dividends are declared for the entire undistributed amount.

(x) Financial guarantee contracts

Financial guarantee contracts are recognised as a liability at the inception of the guarantee. The guarantee liability is initially recognised at its fair value under AASB 139 *Financial Instruments: Recognition and Measurement* and subsequently at the higher of:

(i) the initial fair value under AASB 139, less cumulative amortisation recognised in accordance with AASB 118 *Revenue*; and

(ii) the amount that would be recognised under AASB 137 *Provisions, Contingent Liabilities and Contingent Assets*.

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 the parent entity guarantees the debt of any of the subsidiaries for no or below-market consideration then the transaction is accounted for as an investment in the subsidiary and the subsidiary is assessed for impairment at each reporting date. Where a subsidiary guarantees the debt of another subsidiary or the parent entity, the transaction is accounted for as a distribution.

(y) 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 with other receivables or payables in the balance sheet.

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.

(z) Rounding of amounts

The Company is of a kind referred to in ASIC Class Order 98/100 dated 10 July 1998 (updated by Class Order 05/641 effective 28 July 2005 and Class Order 06/51 effective 31 January 2006) and in accordance with that Class Order, amounts in the financial report and Directors' Report have been rounded off to the nearest tenth of a million dollars, unless otherwise stated.

(aa) New accounting standards and interpretations not yet adopted

The following standards, amendments to standards and interpretations have been identified as those which may impact the entity in the period of initial application. They are available for early adoption at 30 June 2007, but have not been applied in preparing this financial report:

AASB 7 *Financial Instruments: Disclosures* (August 2005) replaces the presentation requirements of financial instruments in AASB 132. AASB 7 is applicable for annual reporting periods beginning on or after 1 January 2007, and will require extensive additional disclosures with respect to the Group's financial instruments and share capital.

AASB 2005-10 *Amendments to Australian Accounting Standards* (September 2005) makes consequential amendments to AASB 132 *Financial Instruments: Disclosure and Presentation*, AASB 101 *Presentation of Financial Statements*, AASB 114 *Segment Reporting*, AASB 117 *Leases*, AASB 133 *Earnings Per Share*, AASB 139 *Financial Instruments: Recognition and Measurement*, AASB 1 *First time Adoption of Australian Equivalents to International Financial Reporting Standards*, AASB 4 *Insurance Contracts*, AASB 1023 *General Insurance Contracts* and AASB 1038 *Life Insurance Contracts* arising from the release of AASB 7. AASB 2005-10 is applicable for annual reporting periods beginning on or after 1 January 2007 and is expected to only impact disclosures contained within the consolidated financial report.

AASB 8 *Operating Segments* replaces the presentation requirements of segment reporting in AASB 114 *Segment Reporting*. AASB 8 is applicable for annual reporting periods beginning on or after 1 January 2009 and is not expected to have an impact on the financial results of the Company and the Group as the standard is only concerned with disclosures.

AASB 2007-3 *Amendments to Australian Accounting Standards arising from AASB 8* makes amendments to AASB 5 *Non-current Assets Held for Sale and Discontinued Operations*, AASB 6 *Exploration for and Evaluation of Mineral Resources*, AASB 102 *Inventories*, AASB 107 *Cash Flow Statements*, AASB 119 *Employee Benefits*, AASB 127 *Consolidated and Separate Financial Statements*, AASB 134 *Interim Financial Reporting*, AASB 136 *Impairment of Assets*, AASB 1023 *General Insurance Contracts* and AASB 1038 *Life Insurance Contracts*. AASB 2007-3 is applicable for annual reporting periods beginning on or after 1 January 2009 and must be adopted in conjunction with AASB 8 *Operating Segments*. This standard is only expected to impact disclosures contained within the consolidated financial report.

Interpretation 10 *Interim Financial Reporting and Impairment* prohibits the reversal of an impairment loss recognised in a previous interim period in respect of goodwill, an investment in an equity instrument or a financial asset carried at cost. Interpretation 10 will become mandatory for the Group's 2008 financial statements, and will apply to goodwill, investments in equity instruments, and financial assets carried at cost prospectively from the date that the Group first applied the measurement criteria of AASB 136 and AASB 139 respectively (i.e. 1 July 2004 and 1 July 2005, respectively).

The adoption of Interpretation 10 is not expected to have any impact on the consolidated financial report or the Company's financial report.

AASB 2007-1 *Amendments to Australian Accounting Standards arising from AASB Interpretation 11* amends AASB 2 *Share-based Payments* to insert the transitional provisions of AASB 2, previously contained in AASB 1 *First-time Adoption of Australian Equivalents to international Financial Reporting Standards*. AASB 2007-1 is applicable for annual reporting periods beginning on or after 1 March 2007 and is not expected to have any impact on the consolidated financial report or the Company's financial report.

AASB 2007-2 *Amendments to Australian Accounting Standards arising from AASB Interpretation 12* makes amendments to AASB 1 *First-time Adoption of Australian Equivalents to International Financial Reporting Standards*, AASB 117 *Leases*, AASB 118 *Revenue*, AASB 120 *Accounting for Government Grants and Disclosures of Government Assistance*, AASB 121 *The Effects of Changes in Foreign Exchange Rates*, AASB 127 *Consolidated and Separate Financial Statements*, AASB 131 *Interest in Joint Ventures*, and AASB 139 *Financial Instruments: Recognition and Measurement*. AASB 2007-2 is applicable for annual reporting periods beginning on or after 1 January 2008 and is not expected to have any impact on the consolidated financial report or the Company's financial report.

AASB 2007-2 *Amendments to Australian Accounting Standards arising from AASB Interpretation 12* also amends references to *UIG Interpretation to interpretations*. This amending standard is applicable to annual reporting periods ending on or after 28 February 2007 and is not expected to have any material impact on the consolidated financial report or the Company's financial report.

2. Financial risk management

The Group's principal financial instruments, other than derivatives and forward currency contracts, comprise bank loans and overdrafts, debt facilities, and cash and short-term deposits. The main purpose of these financial instruments is to finance the Group's operations. The Group has various other financial assets and liabilities such as trade receivables and trade payables, which arise directly from its operations.

As a result of the Group's operations and sources of finance, it is exposed to interest rate risk, liquidity risk, commodity price risk, foreign currency risk and credit 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 contracts and forward currency contracts to reduce the exposures.

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 Board reviews and agrees policies for managing each of these risks and they are summarised below.

2. Financial risk management continued

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.

Fair value estimation

The following summarises the major methods and assumptions used in estimating the fair values of financial assets and liabilities.

(i) Derivatives

The fair value of derivatives is based on quoted market rates used as inputs into valuations based on discounted future cash flows. This includes interest rate derivatives, commodity derivatives and foreign exchange derivatives.

(ii) Interest-bearing liabilities

Interest-bearing liabilities are floating rate bank loans. Fair value is determined using discounted cash flow analysis.

(iii) Cash and cash equivalents

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 balance sheet.

(iv) Trade and other receivables/payables

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

(v) Financial guarantees

For financial guarantee contract liabilities, the fair value at initial recognition is determined using a probability weighted discount cash flow approach. This method takes into account the probability of default by the guaranteed party over the term of the contract, the loss given default (being the proportion of the exposure that is not expected to be recovered in the event of default) and exposure at default (being the maximum loss at the time of default).

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 on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period; or in the period of the revision and future periods if the revision affects both current and future periods. The exception to this is revisions in respect of fair value accounting for acquisitions discussed below.

The estimates and judgements that 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) Fair value accounting for acquisitions

The amounts recognised on the acquisition of businesses initially represent provisional assessments of the fair values of assets and liabilities acquired. These amounts are finalised within 12 months from the respective dates for each acquisition in accordance with the requirements of AASB 3. Refer note 38 *Business combinations*.

(ii) Impairment of goodwill and intangibles with indefinite useful lives

The Group determines whether goodwill and intangibles with indefinite useful lives are impaired at least on an annual basis. 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 *Intangible assets*.

(iii) Fair value of financial instruments

The fair value of financial instruments is 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. 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 date. Other techniques, such as estimated discounted cash flows, are used to determine fair value for the remaining financial instruments.

The fair values of financial instruments are set out in each relevant note.

4. Segment information

(a) Description of segments

Following an internal re-organisation, during the year, the Group's business segments were revised to better reflect the nature of the management of the Group's underlying businesses. The comparatives have been restated to reflect the revised business segments. The Group comprises the following main business segments:

Business segments

Fresh Baking is one of the largest bakers in Australia and the largest in New Zealand, with household brands and leading market shares in almost all the segments in which it competes. Products include packaged loaf bread, bread rolls, chilled bread and other baked products.

Fresh Dairy is a leading player in the New Zealand dairy industry with some of the country's most recognised brands in specialty cheese, milk and culture products.

Home Ingredients is a leading supplier of consumer food products to supermarkets in Australia and New Zealand, with strong established brands holding leadership positions in multiple categories. Products include retail margarine and spreads, flour, cake mixes, dressings, mayonnaise and frozen pastry.

Pacific Region where the company is a leading manufacturer and supplier of flour, stockfeed, processed chicken and snack foods in Papua New Guinea, Fiji and New Caledonia. The company also exports to these countries.

Commercial is the largest supplier of edible fats and oils to the Australasian food industry and flour to the New Zealand food industry. The business also exports fats and oils to Asia.

Geographical segments

Although the consolidated entity's divisions are managed on a global basis they operate in three main geographical areas:

Australia

The home country of the parent entity. The areas of operation are principally Fresh Baking, Home Ingredients and Commercial business segments.

New Zealand

Comprises operations carried on in New Zealand. The Fresh Baking, Home Ingredients, Commercial and Fresh Dairy business segments operate in this country.

Asia Pacific

Comprises operations carried on in Fiji, Hong Kong, Malaysia, New Caledonia, Papua New Guinea and the Philippines. The Commercial and Pacific business segments operate in these countries.

(b) Primary reporting format – business segments

2007	Fresh Baking $m	Fresh Dairy $m	Home Ingredients $m	Pacific $m	Commercial $m	Consolidated $m
Segment revenue						
Sales to external customers	960.9	393.4	367.6	180.3	524.5	2,426.7
Intersegment sales (note (ii))	8.2	5.5	9.9	–	296.0	319.6
Total segment revenue	**969.1**	**398.9**	**377.5**	**180.3**	**820.5**	**2,746.3**
Intersegment elimination						(319.6)
Unallocated other income						1.8
Consolidated revenue						**2,428.5**
Segment result	**150.9**	**50.5**	**89.0**	**29.3**	**69.2**	**388.9**
Net unallocated expenses						(73.4)
Profit before income tax						315.5
Income tax expense						(72.3)
Profit for the year						**243.2**
Segment assets and liabilities						
Segment assets	**1,418.9**	**874.0**	**410.1**	**223.5**	**328.7**	**3,255.2**
Intersegment elimination						(415.4)
Unallocated assets						519.8
Total assets						**3,359.6**
Segment liabilities	**933.2**	**493.3**	**206.2**	**21.1**	**170.3**	**1,824.1**
Intersegment elimination						(414.2)
Unallocated liabilities						68.8
Total liabilities						**1,478.7**
Other segment information						
Depreciation and amortisation expense	25.4	10.8	2.1	3.9	13.0	55.2
Capital expenditure	13.6	10.5	0.2	3.9	22.7	50.9

4. Segment information continued

(b) Primary reporting format – business segments continued

2006	Fresh Baking $m	Fresh Dairy $m	Home Ingredients $m	Pacific $m	Comm-ercial $m	Consoli-dated $m	Less: discontinued operations (note 8) $m	Continuing operations $m
Segment revenue								
Sales to external customers	495.2	210.2	312.8	93.1	511.0	1,622.3	(99.7)	1,522.6
Intersegment sales (note (ii))	–	5.5	2.0	–	148.3	155.8	–	155.8
Total segment revenue	**495.2**	**215.7**	**314.8**	**93.1**	**659.3**	**1,778.1**	**(99.7)**	**1,678.4**
Intersegment elimination						(155.8)	–	(155.8)
Unallocated other income						5.5	–	5.5
Consolidated revenue						**1,627.8**	**(99.7)**	**1,528.1**
Segment result	**70.4**	**35.9**	**81.0**	**12.9**	**62.2**	**262.4**	**(13.7)**	**248.7**
Gain on sale of discontinued operations						238.1	(238.1)	–
Net unallocated expenses						(41.0)	–	(41.0)
Profit before income tax						459.5	(251.8)	207.7
Income tax expense						(73.1)	15.4	(57.7)
Profit for the period						**386.4**	**(236.4)**	**150.0**
Segment assets and liabilities								
Segment assets	**1,196.6**	**913.9**	**319.8**	**225.3**	**395.2**	**3,050.8**	**–**	**3,050.8**
Intersegment elimination						(423.9)	–	(423.9)
Unallocated assets						445.9	–	445.9
Total assets						**3,072.8**	**–**	**3,072.8**
Segment liabilities	**820.5**	**465.9**	**215.1**	**29.8**	**186.8**	**1,718.1**	**–**	**1,718.1**
Intersegment elimination						(410.5)	–	(410.5)
Unallocated liabilities						28.2	–	28.2
Total liabilities						**1,335.8**	**–**	**1,335.8**
Other segment information								
Depreciation and amortisation expense	12.5	4.8	1.1	3.9	19.9	42.2	(5.5)	36.7
Capital expenditure	15.6	9.7	–	–	18.5	43.8	–	43.8

(c) Secondary reporting format – geographical segments

	Segment revenues from sales to external customers		Segment assets		Capital expenditure	
	2007 $m	2006 $m	**2007 $m**	2006 $m	**2007 $m**	2006 $m
Australia	**1,374.0**	1,077.8	**1,325.5**	1,236.1	**32.1**	23.4
New Zealand	**861.2**	446.3	**1,861.3**	1,632.7	**14.9**	19.0
Asia Pacific	**191.5**	98.2	**230.3**	239.0	**3.9**	1.4
Elimination	**–**	–	**(577.3)**	(480.9)	**–**	–
Less: Discontinued operations	**–**	(99.7)	**–**	–	**–**	–
	2,426.7	1,522.6	**2,839.8**	2,626.9	**50.9**	43.8
Unallocated assets			**519.8**	445.9		
Total assets			**3,359.6**	3,072.8		

Segment revenues are allocated based on the country in which the customer is located. Segment assets and capital expenditure are allocated based on where the assets are located.

(d) Notes to and forming part of the segment information

(i) Accounting policies

Segment information is prepared in conformity with the accounting policies of the entity as disclosed in note 1 and AASB 114 *Segment Reporting*.

Segment revenues, expenses, assets and liabilities are those that are directly attributable to a segment and the relevant portion that can be allocated to the segment on a reasonable basis. Segment assets include all assets used by a segment and consist primarily of operating 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. Segment liabilities consist primarily of trade and other creditors and employee benefits. Segment assets and liabilities do not include income taxes.

Segment result is segment revenue less cost of goods sold, selling and marketing expenses, distribution expenses and general and administrative expenses (excluding corporate revenues and expenses relating to the Group as a whole).

(ii) Inter-segment transfers

Segment revenues, expenses and results include transfers between segments. Such transfers are priced on an 'arm's-length' basis or a 'fully absorbed' cost basis and are eliminated on consolidation.

5. Other income

	Consolidated		Company	
	2007 $m	2006 $m	**2007 $m**	2006 $m
Net gain on disposal of property, plant and equipment (excluding property, plant and equipment sold as part of Uncle Tobys – refer to note 8)	**–**	2.1	**–**	–
Dividends received from controlled entities	**–**	–	**147.1**	–
Other income	**1.8**	3.4	**–**	–
	1.8	5.5	**147.1**	–

6. Expenses

	Consolidated		Company	
	2007 $m	2006 $m	**2007 $m**	2006 $m
Profit before income tax includes the following specific expenses:				
Depreciation				
Freehold properties	**3.7**	3.5	**–**	–
Leasehold properties	**0.9**	0.5	**–**	–
Plant and equipment	**50.1**	32.1	**–**	–
Total depreciation	**54.7**	36.1	**–**	–
Amortisation				
Brand names and licences	**0.5**	0.6	**–**	–
Total amortisation	**0.5**	0.6	**–**	–
Finance costs				
Interest and finance charges	**76.7**	38.7	**2.0**	3.0
Foreign exchange losses	**20.7**	1.2	**10.3**	1.8
Finance income				
Interest income	**(3.3)**	(3.2)	**(33.3)**	(4.4)
Foreign exchange gains – intercompany loan*	**(44.4)**	–	**(34.3)**	–
Foreign exchange gains – other	**(7.7)**	–	**–**	–
Net financing costs/(income)	**42.0**	36.7	**(55.3)**	0.4

* A foreign exchange gain of $44.4 million arose in relation to New Zealand dollar denominated intercompany loans and was recognised in the income statement. The gain is unrealised and will only be realised upon the disposal of the relevant New Zealand business or repayment of the related debt.

notes to the financial statements continued

6. Expenses continued

	Consolidated 2007 $m	Consolidated 2006 $m	Company 2007 $m	Company 2006 $m
Rental expense relating to operating leases	**28.4**	24.5	**–**	–
Research costs	**7.4**	5.0	**–**	–
Net loss on disposal of property, plant and equipment	**9.7**	–	**–**	–
Employee benefits expense				
Wages and salaries	**397.1**	232.6	**–**	–
Workers' compensation costs	**4.9**	7.4	**–**	–
Defined contribution superannuation expense	**6.8**	11.3	**–**	–
Defined benefit superannuation expense	**0.6**	0.6	**–**	–
Long service leave	**2.3**	0.7	**–**	–
Annual leave	**9.5**	5.4	**–**	–
Termination benefits	**9.8**	0.8	**–**	–
Medical insurance	**0.7**	0.6	**–**	–
	431.7	259.4	**–**	–
Write-down of assets				
Inventories	**1.0**	2.2	**–**	–

7. Income tax expense

(a) Income tax expense	Consolidated 2007 $m	Consolidated 2006 $m	Company 2007 $m	Company 2006 $m
Current tax	**62.9**	63.0	**8.6**	(5.1)
Deferred tax	**15.9**	9.5	**–**	7.7
Adjustments for current tax of prior periods	**(6.5)**	0.6	**0.1**	–
	72.3	73.1	**8.7**	2.6
Income tax expense is attributable to:				
Profit from continuing operations	**72.3**	57.7	**8.7**	2.6
Profit from discontinued operations (note 8)	**–**	15.4	**–**	–
Aggregate income tax expense	**72.3**	73.1	**8.7**	2.6
(b) Numerical reconciliation of income tax expense to prima facie tax payable				
Profit/(loss) from continuing operations before income tax expense	**315.5**	207.7	**202.4**	(0.5)
Profit from discontinued operations before income tax expense	**–**	251.8	**–**	–
Profit/(loss) before income tax	**315.5**	459.5	**202.4**	(0.5)
Tax at the Australian tax rate of 30% (2006 – 30%)	**94.7**	137.8	**60.7**	(0.2)
Tax effect of amounts which are not deductible/(taxable) in calculating taxable income:				
Non-assessable income	**(24.9)**	–	**(53.1)**	–
Non-deductible expenses	**0.4**	9.6	**–**	–
Other	**3.5**	(5.1)	**1.0**	2.8
Profit on sale of discontinued operation	**–**	(71.4)	**–**	–
	73.7	70.9	**8.6**	2.6
Effect of tax rate in foreign jurisdictions	**1.4**	1.6	**–**	–
Adjustments for current tax of prior periods	**(2.8)**	0.6	**0.1**	–
Total income tax expense	**72.3**	73.1	**8.7**	2.6
(c) Amounts recognised directly in equity				
Aggregate current and deferred tax arising in the reporting period and not recognised in net profit or loss but directly debited or credited to equity				
Relating to equity settled transactions	**1.7**	2.8	**–**	–

8. Discontinued operations

(a) Description

There were no discontinued operations during the year ended 30 June 2007.

2006

Goodman Fielder Consumer Foods Pty Limited ('GFCF') entered into an agreement with Burns, Philp & Company Limited to dispose of the Uncle Tobys business. The disposal took place on 31 October 2005 when control of the business passed to the acquirer. As GFCF is the deemed acquirer under the provisions of reverse acquisition accounting applied in this financial report and described in detail in the Accounting Policies note 1(b) *Principles of consolidation* this disposal is disclosed as a discontinued operation. Uncle Tobys was included in the Commercial business segment until disposal.

Financial information relating to the discontinued operation for the period to the date of disposal is set out below. Further information is set out in note 4.

	Consolidated	
(b) Financial performance and cash flow information	**2007 $m**	2006 $m
Revenue	–	99.7
Expenses	–	(86.0)
Profit before income tax	–	13.7
Income tax expense	–	(15.4)
Loss after income tax of discontinued operations	–	(1.7)
Gain on sale of the operations before income tax	–	238.1
Gain on sale of the operations after income tax	–	238.1
Profit from discontinued operations	–	236.4
(c) Carrying amounts of assets and liabilities		
The carrying amounts of assets and liabilities as at the date of disposal are:		
Assets		
Trade and other receivables	–	55.2
Inventories	–	24.8
Property, plant and equipment	–	42.1
Total assets	–	122.1
Liabilities		
Trade creditors and payables	–	(38.1)
Employee benefits and other provisions	–	(27.1)
Total liabilities	–	(65.2)
Net assets	–	56.9
(d) Details of the sale of the operations		
Consideration received or receivable:		
Settlement of intercompany debt	–	295.0
Carrying amount of net assets sold	–	(56.9)
Gain on sale before income tax	–	238.1
Income tax expense	–	–
Gain on sale after income tax	–	238.1

notes to the financial statements continued

9. Current assets – cash and cash equivalents

	Consolidated		Company	
	2007 $m	2006 $m	**2007 $m**	2006 $m
Cash at bank and in hand	**77.0**	31.6	**–**	1.0
Short-term deposits	**8.8**	73.0	**–**	–
	85.8	104.6	**–**	1.0

(a) Cash at bank and short-term deposits

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

Short-term deposits represent daily short-term money market placements, which are made depending on the immediate cash requirements of the Group, and earn interest at the respective short-term deposit rates.

The weighted average effective interest rate is 4.29% for the consolidated entity (2006: 4.84%) and nil for the parent entity (2006: 4.27%).

(b) Right of set-off

The following entities are party to a netting arrangement with the Westpac Banking Corporation:

- Goodman Fielder Consumer Foods Pty Limited;
- BCW Hotplate Bakery Pty Ltd;
- 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 Bank of New Zealand:

- Goodman Fielder Treasury New Zealand Limited; and
- Goodman Fielder New Zealand Limited.

A cross guarantee with the Westpac Banking Corporation exists between Goodman Fielder (Fiji) Limited and Goodman Fielder International (Fiji) Limited in respect of the debts of each entity.

(c) Fair value

The fair value of cash and short-term deposits is set out in note 12(f).

10. Current assets – trade and other receivables

	Consolidated		Company	
	2007 $m	2006 $m	**2007 $m**	2006 $m
Trade receivables	**280.1**	253.1	**–**	–
Allowance for doubtful debts	**(5.9)**	(7.0)	**–**	–
Receivables due from related parties	**0.6**	0.9	**30.2**	26.0
Receivable due from the sale of property, plant and equipment	**9.2**	–	**–**	–
Other receivables	**23.8**	21.3	**–**	–
	307.8	268.3	**30.2**	26.0

(a) Securitisation program

Certain controlled entities have entered into a receivables purchase agreement which enables them to securitise selected amounts of their receivables portfolio up to a limit of $33.0 million (2006: $30.0 million). At 30 June 2007, $31.9 million (2006: $30.0 million) has been securitised and is not included in the consolidated balance sheet.

(b) Fair value and credit risk

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

	Consolidated		Company	
	2007	2006	**2007**	2006
	$m	$m	**$m**	$m
Raw materials	**63.5**	65.4	**–**	–
Work in progress	**12.0**	12.4	**–**	–
Finished goods	**78.0**	60.5	**–**	–
	153.5	138.3	**–**	–

(a) Inventory expense

Write-downs of inventories to net realisable value recognised as an expense during the year ended 30 June 2007 amounted to $1.0 million (2006: $2.2 million) for the Group and nil (2006: nil) for the Company. The expense has been included in cost of goods sold in the income statement.

12. Financial instruments

The following table details the fair values of the derivative financial instruments recognised on the balance sheet in respect of each period. The balances shown below are disclosed as *Derivative financial instruments* in the balance sheet.

	Consolidated		Company	
	2007	2006	**2007**	2006
	$m	$m	**$m**	$m
Current assets				
Foreign exchange derivatives (d)	**2.9**	1.3	**–**	–
Interest rate derivatives (f)	**11.8**	–	**–**	–
Additional hedging instrument (c)	**–**	0.1	**–**	–
Non-current assets				
Interest rate derivatives (f)	**20.3**	9.3	**–**	–
Total derivative financial instrument assets	**35.0**	10.7	**–**	–
Current liabilities				
Foreign exchange derivatives (d)	**4.9**	–	**–**	–
Total current derivative financial instrument liabilities	**4.9**	–	**–**	–

(a) Fair value estimation

The fair value of derivatives is based on quoted market rates used as input into a valuation technique. This includes interest rate derivatives, commodity derivatives and foreign exchange derivatives.

(b) Liquidity risk

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of bank overdrafts, bank loans and debt facilities.

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.

(c) Commodity price risk

The Group is a purchaser of certain commodities including wheat and soy bean oil. The Group generally purchases these commodities based upon market prices that are established with the vendor as part of the purchase process. In line with Board approved policies, the Group enters into derivative contracts for the purchase of raw materials to reduce the volatility of pricing of key commodity inputs.

It is Group policy that transactions to procure commodities are executed within daily transaction limits as well as within cover ratios for forecast requirements over the following 12 month period. At 30 June 2007, there were no open commodity price derivatives in relation to wheat purchases. The following table details the Group's open commodity price derivatives:

12. Financial instruments continued

(c) Commodity price risk continued

2007	1 year or less Tonnes	Over 1 year Tonnes	Weighted average commodity price US$ per tonne
Soy bean oil	**1,007.0**	–	**771.62**
Soy bean meal	**907.0**	–	**217.72**

2006	1 year or less Tonnes	Over 1 year Tonnes	Weighted average commodity price US$ per tonne
Soy bean oil	3,021.0	–	544.76

(d) Foreign currency risk

The Group predominantly operates in Australia, New Zealand 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. 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 practicable, 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 practicable and within Board approved policies, the Group enters into derivative instruments 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 the extent possible, the Group hedge accounts for derivatives that hedge foreign currency risk. This results in changes in fair value arising from effective cash flow hedges being reported in equity, through the hedge reserve. Any portion of change in fair value of cash flow hedges which are deemed ineffective under hedge accounting are reported in the income statement.

The following table details the Group's open foreign exchange rate derivatives:

2007	1 year or less Notional AUD value $m	Over 1 year Notional AUD value $m	Weighted average foreign exchange rate
Buy United States Dollars, Sell Australian Dollars	**92.7**	**14.6**	**0.8208**
Buy United States Dollars, Sell New Zealand Dollars	**51.5**	**7.6**	**0.7314**
Buy United States Dollars, Sell Papua New Guinea Kina	**14.8**	–	**0.3288**
Buy United States Dollars, Sell Pacific Francs	**2.7**	–	**87.56**
Buy Australian Dollars, Sell New Zealand Dollars	**13.0**	–	**1.1279**
Buy Australian Dollars, Sell Hong Kong Dollars	**0.6**	–	**6.5046**
Buy Australian Dollars, Sell Pacific Francs	**1.1**	–	**75.24**
Buy Euro, Sell Australian Dollars	**2.4**	–	**0.6165**
Buy Euro, Sell New Zealand Dollars	**0.4**	–	**0.5369**
	179.2	**22.2**	

2006	1 year or less Notional AUD value $m	Over 1 year Notional AUD value $m	Weighted average foreign exchange rate
Buy United States Dollars, Sell Australian Dollars	35.1	–	0.7647
Buy United States Dollars, Sell New Zealand Dollars	26.8	–	0.6299
Buy United States Dollars, Sell Papua New Guinea Kina	17.0	–	0.3288
Buy United States Dollars, Sell Pacific Francs	2.2	–	93.17
Buy United States Dollars, Sell Hong Kong Dollars	0.8	–	7.7551
Buy Australian Dollars, Sell New Zealand Dollars	4.6	–	1.2312
Buy Australian Dollars, Sell Papua New Guinea Kina	0.1	–	2.2671
Buy Australian Dollars, Sell Pacific Francs	0.2	–	69.74
Buy Euro, Sell Australian Dollars	2.0	–	0.5858
Buy Euro, Sell United States Dollars	1.5	–	1.2907
	90.3	–	

(e) Credit risk exposures

The Group trades only in liquid securities with recognised, creditworthy counterparties. 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.

At the reporting date there were no significant concentrations of credit risk. The maximum exposure to credit risk is represented by the carrying amount of each financial asset, including derivatives, in the balance sheet.

Transactions involving derivatives are with counterparties with whom the Group has a signed netting arrangement and who have sound credit ratings. Management does not expect any counterparties to fail to meet their obligations.

(f) 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 attempts to hedge account for its interest rate swaps as fully effective cash flow hedges. This results in changes in the 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.

The table below sets out the weighted average interest rates of financial assets and liabilities exposed to interest rate risk.

		Fixed interest maturing in:				
2007	**Floating interest rate $m**	**1 year or less $m**	**Over 1 to 2 years $m**	**Over 2 to 5 years $m**	**Over 5 years $m**	**Total $m**
Cash and cash equivalents	**85.8**	**–**	**–**	**–**	**–**	**85.8**
Bank loans	**(5.0)**	**–**	**–**	**–**	**–**	**(5.0)**
Unsecured bank loans	**(1,091.6)**	**–**	**–**	**–**	**–**	**(1,091.6)**
Interest rate swaps *						
– Receive floating rate	**986.4**	**–**	**–**	**–**	**–**	**986.4**
– Pay fixed rate	**–**	**–**	**(292.4)**	**(694.0)**	**–**	**(986.4)**
	(24.4)	**–**	**(292.4)**	**(694.0)**	**–**	**(1,010.8)**
2006						
Cash and cash equivalents	104.6	–	–	–	–	104.6
Bank loans	(5.5)	–	–	–	–	(5.5)
Unsecured bank loans	(926.1)	–	–	–	–	(926.1)
Interest rate swaps *						
– Receive floating rate	931.6	–	–	–	–	931.6
– Pay fixed rate	–	–	–	(931.6)	–	(931.6)
	104.6	–	–	(931.6)	–	(827.0)

12. Financial instruments continued

(f) Interest rate risk continued

	2007 Weighted average interest rate %	2006 Weighted average interest rate %	**2007 Fair Value $m**	2006 Fair Value $m
Cash and cash equivalents	**4.29**	4.84	**85.8**	104.6
Bank loans	**9.01**	6.52	**(5.0)**	(5.5)
Unsecured bank loans **	**7.49**	7.25	**(1,091.6)**	(926.1)
Interest rate swaps *				
– Receive floating rate	**7.40**	6.81	**986.4**	931.6
– Pay fixed rate	**6.35**	6.32	**(954.2)**	(922.3)
			(978.6)	(817.7)

* Notional principal amounts.

** The average cost of debt including credit margin and interest rate derivatives is 6.92% (2006: 6.80%).

The Group holds interest rate swaps designated as cash flow hedges on the floating rate unsecured bank loans. The interest rate swaps are being used to hedge part of the Group's exposure to variability in cash flows associated with the floating interest rate. The average fixed rate of the swaps is 6.35% for 2008 and 6.13% for 2009 onwards (2006: 6.31% for 2007 and 2008 and 6.15% for 2009 to 2011).

Estimates and assumptions used in the determination of fair values are set out in note 3.

13. Current assets – other current assets

	Consolidated		**Company**	
	2007 $m	2006 $m	**2007 $m**	2006 $m
Deferred expenditures	**0.2**	–	**–**	–
Prepayments	**6.3**	5.4	**–**	–
Properties held for sale	**2.5**	–	**–**	–
Other current assets	**–**	0.2	**–**	–
	9.0	5.6	**–**	–

14. Non-current assets – receivables

	Consolidated		**Company**	
	2007 $m	2006 $m	**2007 $m**	2006 $m
Receivables due from related parties	**–**	–	**444.8**	484.1
Other receivables	**–**	1.4	**1.3**	–
	–	1.4	**446.1**	484.1

Further information relating to loans to related parties is set out in note 37.

15. Non-current assets – other investments

	Consolidated		**Company**	
	2007 $m	2006 $m	**2007 $m**	2006 $m
Investments in subsidiaries (note 39)	**–**	–	**2,154.6**	2,157.0

16. Non-current assets – property, plant and equipment

Consolidated	Freehold properties $m	Leasehold properties $m	Plant and equipment $m	Total $m
At 1 July 2005				
Cost	60.1	–	373.0	433.1
Accumulated depreciation	(16.0)	–	(290.5)	(306.5)
Net book amount	44.1	–	82.5	126.6
Year ended 30 June 2006				
Opening net book amount	44.1	–	82.5	126.6
Acquisition through business combination	205.9	16.5	262.9	485.3
Additions	3.7	2.1	38.0	43.8
Disposals	(0.9)	–	(5.1)	(6.0)
Disposals due to discontinued operations	(8.2)	–	(33.9)	(42.1)
Fair value adjustment to business combination	(54.2)	–	(15.5)	(69.7)
Depreciation charge on fair value adjustment to business combination	1.7	–	0.4	2.1
Depreciation charge	(3.5)	(0.5)	(32.1)	(36.1)
Depreciation charge on discontinued operation	(0.9)	–	(4.6)	(5.5)
Effects of movements in foreign exchange rates	(12.2)	(0.6)	(13.1)	(25.9)
Closing net book amount	175.5	17.5	279.5	472.5
At 30 June 2006				
Cost	190.5	17.9	523.8	732.2
Accumulated depreciation	(15.0)	(0.4)	(244.3)	(259.7)
Net book amount	175.5	17.5	279.5	472.5
Year ended 30 June 2007				
Opening net book amount	**175.5**	**17.5**	**279.5**	**472.5**
Acquisition through business combination	**–**	**0.2**	**19.9**	**20.1**
Additions	**5.8**	**–**	**45.1**	**50.9**
Disposals	**(11.6)**	**–**	**(8.0)**	**(19.6)**
Disposals due to the sale of controlled entities	**(0.6)**	**–**	**(0.9)**	**(1.5)**
Depreciation charge	**(3.7)**	**(0.9)**	**(50.1)**	**(54.7)**
Effects of movements in foreign exchange rates	**12.0**	**(0.5)**	**13.3**	**24.8**
Closing net book amount	**177.4**	**16.3**	**298.8**	**492.5**
At 30 June 2007				
Cost	**196.7**	**16.6**	**580.3**	**793.6**
Accumulated depreciation	**(19.3)**	**(0.3)**	**(281.5)**	**(301.1)**
Net book amount	**177.4**	**16.3**	**298.8**	**492.5**

The Company has no property, plant and equipment.

Property, plant and equipment acquired as part of a business combination is initially recorded at fair value. Further detail in respect of the fair values of the businesses acquired is outlined in note 38.

17. Non-current assets – deferred tax assets

	Consolidated		Company	
	2007 $m	2006 $m	**2007 $m**	2006 $m
Recognised deferred tax assets				
Deferred tax assets are attributable to the following:				
Property, plant and equipment	**27.0**	34.9	**–**	–
Fair value adjustment on prior year acquisitions	**0.6**	–	**–**	–
Inventories	**0.1**	0.1	**–**	–
Employee benefits	**16.5**	18.8	**–**	–
Provisions	**5.4**	6.8	**–**	–
Other items	**2.2**	8.4	**–**	–
Capitalised costs recognised in equity	**16.5**	22.2	**16.5**	22.2
Consumable stores	**0.5**	–	**–**	–
Tax value of loss carry-forwards recognised	**0.1**	–	**–**	–
	68.9	91.2	**16.5**	22.2
Unrecognised deferred tax assets				
Deductible temporary differences	**36.6**	27.8	**–**	–

The deductible temporary differences 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 consolidated entity can utilise the benefits.

18. Non-current assets – intangible assets

Consolidated	Goodwill $m	Brand names and licences $m	Total $m
At 1 July 2005			
Cost	–	12.1	12.1
Accumulated amortisation and impairment	–	(9.7)	(9.7)
Net book amount	–	2.4	2.4
Year ended 30 June 2006			
Opening net book amount	–	2.4	2.4
Other acquisitions	–	18.8	18.8
Acquisitions through business combinations	1,544.8	447.0	1,991.8
Fair value adjustments to prior year business combinations	114.1	(79.9)	34.2
Amortisation charge	–	(0.6)	(0.6)
Effect of movements in foreign exchange rates	(47.9)	(26.3)	(74.2)
Closing net book amount	1,611.0	361.4	1,972.4
At 30 June 2006			
Gross carrying amount	1,611.0	371.7	1,982.7
Accumulated amortisation and impairment	–	(10.3)	(10.3)
Net book amount	1,611.0	361.4	1,972.4
Year ended 30 June 2007			
Opening net book amount	**1,611.0**	**361.4**	**1,972.4**
Other acquisitions	**–**	**2.5**	**2.5**
Acquisitions through business combinations	**110.7**	**–**	**110.7**
Sale of controlled entity	**(2.3)**	**–**	**(2.3)**
Deferred tax adjustment to prior year acquisitions	**3.7**	**–**	**3.7**
Amortisation charge	**–**	**(0.5)**	**(0.5)**
Effect of movements in foreign exchange rates	**95.8**	**17.6**	**113.4**
Closing net book amount	**1,818.9**	**381.0**	**2,199.9**
At 30 June 2007			
Gross carrying amount	**1,818.9**	**391.8**	**2,210.7**
Accumulated amortisation and impairment	**–**	**(10.8)**	**(10.8)**
Net book amount	**1,818.9**	**381.0**	**2,199.9**

The Company has no intangible assets.

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

Goodwill, acquired through business combinations, and brand names and licences have been allocated to eight individual cash-generating units ('CGU') for impairment testing as follows:

2007	Goodwill $m	Brand names and licences $m	Total $m
Fresh Baking Australia	**509.1**	**121.9**	**631.0**
Fresh Baking New Zealand	**351.3**	**74.1**	**425.4**
Fresh Dairy New Zealand	**571.7**	**113.8**	**685.5**
Home Ingredients Australia	**35.1**	**20.3**	**55.4**
Home Ingredients New Zealand	**170.1**	**22.9**	**193.0**
Pacific	**106.6**	**26.9**	**133.5**
Commercial Australia	**–**	**1.1**	**1.1**
Commercial New Zealand	**75.0**	**–**	**75.0**
	1,818.9	**381.0**	**2,199.9**

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 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.

The material licensing agreements are assessed to have an indefinite useful life as the licensing agreements are expected to be renewed into perpetuity with little additional cost.

The licence of the Anchor brand name, however, has been assessed to have a finite life of 10 years from the agreement date. Therefore, the agreement is being amortised on a straight-line basis over the useful life.

(b) Impairment test for CGUs containing goodwill and intangibles with indefinite lives

Impairment is determined by assessing the recoverable amount of the CGU to which the goodwill relates. Where the recoverable amount of the CGU is less than the carrying amount, an impairment loss is recognised.

For goodwill and non-amortising intangibles, an impairment test is performed annually while other assets are only tested if there is an indicator of impairment.

The impairment test applied to each of the Group's CGUs was based on fair value less costs to sell. The fair value was determined based on the application of earnings before interest, depreciation, amortisation and tax ('EBITDA') multiples to the estimated maintainable EBITDA of each CGU. A range of EBITDA valuation multiples were derived from an external independent third party valuer and were also benchmarked for consistency against recent transactions in the food industry and geographic areas. The range of earnings multiples applied was 7 to 12 times earnings.

On this basis, the Group determined that the fair value of each CGU (less an appropriate allowance for costs to sell) exceeds its carrying value. On that basis, no impairment has been recognised.

19. Non-current assets – other non-current assets

	Consolidated		Company	
	2007 $m	2006 $m	**2007 $m**	2006 $m
Deferred expenditure	**1.8**	1.0	**–**	–
Prepayments	**1.0**	1.1	**–**	–
Other non-current assets	**1.4**	1.3	**–**	–
	4.2	3.4	**–**	–

20. Non-current assets – retirement benefit surplus

(a) Superannuation plan

The Group makes contributions to two superannuation funds that provide benefits to employees upon retirement. The Company has no employees and accordingly no defined benefit superannuation funds were sponsored by the Company.

Details of two plans sponsored by the consolidated entity as at 30 June 2007 are set out below:

Australia

Fund – Goodman Fielder Superannuation Fund

Benefit Type – Defined Contribution and Defined Benefit

Date of last actuarial valuation – 31 July 2007

The Goodman Fielder Superannuation Fund is classified as a 'hybrid' superannuation plan as it comprises both defined contribution and defined benefit member entitlements. The defined benefit component ceased accepting new members in 1997. Since this date, all new members participate only in the defined contribution plan. Employees who entered the defined benefit plan prior to 1997 are eligible to receive benefits of the greater of their defined benefit and defined contribution components. Employees who are eligible to receive defined benefit payments comprise an immaterial component of the plan; therefore, this plan has been accounted for as a defined contribution superannuation plan. The net surplus of the plan at 30 June 2007 was not material to the Group.

New Zealand

Fund – Goodman Fielder (NZ) Retirement Plan

Benefit Type – Defined Contribution and Defined Benefit

Date of last actuarial valuation – 12 July 2007

The Goodman Fielder (NZ) Retirement Plan is classified as 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 benefit arrangement. Members are not required to contribute to the Plan, although they may contribute a minimum of 2% of basic pay after one year's service. Employer accounts are credited with amounts that depend on the member's years of contributory membership and level of member contributions. The net surplus of the plan at 30 June 2007 was not material to the Group.

(b) Balance sheet amounts

The amounts recognised in the balance sheet in respect of the New Zealand defined benefit plan are determined as follows:

	Consolidated		Company	
	2007 $m	2006 $m	**2007 $m**	2006 $m
Present value of the defined benefit obligation	**(31.7)**	(29.8)	**–**	–
Fair value of defined benefit plan assets	**34.7**	34.2	**–**	–
Net asset in the balance sheet	**3.0**	4.4	**–**	–

21. Current liabilities – trade and other payables

	Consolidated		Company	
	2007 $m	2006 $m	**2007 $m**	2006 $m
Trade payables	**234.1**	200.8	**–**	–
Owing to related entities	**–**	2.8	**–**	–
Accrued interest	**15.3**	6.9	**–**	–
Deferred consideration	**9.4**	58.0	**–**	–
Other payables	**27.0**	25.3	**–**	0.2
	285.8	293.8	**–**	0.2

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

22. Current liabilities – borrowings

	Consolidated		Company	
	2007 $m	2006 $m	**2007 $m**	2006 $m
Unsecured				
Bank loan	**0.8**	0.6	**–**	–
Other	**0.6**	0.4	**–**	–
	1.4	1.0	**–**	–

(a) Interest rate risk exposures

Details of the Group's exposure to interest rate changes on borrowings are set out in note 12.

(b) Fair value disclosures

Details of the fair value of borrowings for the Group are set out in note 12.

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(x) 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 the parent entity and therefore no liability has been recognised in the financial statements.

(b) 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(x) by Goodman Fielder Limited, the parent entity of the Group.

The fair value of the Deed of Cross Guarantee is considered to be immaterial 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 of Goodman Fielder Limited.

24. Current liabilities – provisions

	Consolidated		Company	
	2007	2006	**2007**	2006
	$m	$m	**$m**	$m
Employee benefits	**39.2**	35.7	**–**	–
Workers' compensation	**0.8**	6.4	**–**	–
Business closure and rationalisation	**0.8**	1.9	**–**	–
Other provisions	**1.6**	2.4	**–**	–
	42.4	46.4	**–**	–

(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 Company, based on an independent actuarial assessment plus a prudential margin.

Bank guarantee

Of an available facility of $10 million in respect of workers' compensation, the Group has a $3 million workers' compensation bank guarantee in place with the Victorian WorkCover Authority.

(b) Business closure and rationalisation

The business closure and rationalisation provision includes a series of small provisions in relation to specific and identified sites and business restructuring and the associated site remediation, early lease termination and redundancy costs. These provisions will be utilised within the coming financial year.

(c) Other

Included in other provisions are amounts in respect of vehicle insurance and make-good provisions in respect of certain of the businesses' leased premises. These provisions will be utilised over the period that the vehicles are maintained and over the duration of the lease terms.

(d) Movements in provisions

Movements in each class of provision during the financial year, other than employee benefits, are set out in note 28(c).

25. Non-current liabilities – payables

	Consolidated		Company	
	2007	2006	**2007**	2006
	$m	$m	**$m**	$m
Owed to related entities	**–**	–	**–**	85.8
Other payables and accrued expenses	**0.6**	1.0	**–**	–
	0.6	1.0	**–**	85.8

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

26. Non-current liabilities – borrowings

	Consolidated		Company	
	2007	2006	**2007**	2006
	$m	$m	**$m**	$m
Unsecured				
Bank loan	**4.2**	4.9	**–**	–
Bank facility	**1,091.6**	926.1	**–**	–
	1,095.8	931.0	**–**	–

(a) Unsecured bank loan

In addition to the detailed facilities there are a number of debt facilities, typically involving small amounts, extended to various companies in the Group. These facilities are either secured by security arrangements comprising guarantees and securities provided by Goodman Fielder Limited and certain of its controlled entities in favour of the security trustee, or have the benefit of guarantees and/or securities at the subsidiary company level, or are unsecured.

(b) Unsecured bank facility

The unsecured bank facility is a floating rate senior credit facility entered into in November 2005 and is available in three tranches of $50 million, $500 million and $700 million repayable in one, two and four years, respectively. The facility is denominated in Australian dollars, however can be drawn down in the New Zealand dollar equivalent. Interest rates, repayment terms and maturities are as follows:

- Tranche A of A$50.0m (2006: A$200.0m) is available until November 2007:
  – The facility was not utilised at 30 June 2007 (2006: not utilised).
- Tranche B of A$500.0m (2006: A$500.0m) is available until November 2008:
  – The facility was utilised up to NZ$441.4 million (A$401.5 million) at 30 June 2007 (2006: NZ$321.4 million (A$263.8 million)).
- Tranche C of A$700.0m (2006: A$700.0m) is available until November 2010:
  – The facility was utilised up to NZ$296.1 million (A$269.4 million) and A$424.7 million at 30 June 2007 (2006: NZ$296.1 million (A$243.1 million) and A$424.7 million).

This debt is shown net of $4.1 million (2006: $5.5 million) facility establishment costs.

(c) 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 the Company. Fees are variable.

(d) Fair value

Interest-bearing liabilities are floating rate bank loans. Fair value is determined using discounted cash flow analysis.

(e) Interest rate risk exposures

Details of the Group's exposure to interest rate changes on borrowings are set out in note 12.

(f) Other

The Group and Company have no finance lease liabilities.

27. Non-current liabilities – deferred tax liabilities

	Consolidated 2007 $m	Consolidated 2006 $m	Company 2007 $m	Company 2006 $m
Recognised deferred tax liabilities				
Deferred tax liabilities are attributable to the following:				
Property, plant and equipment	**10.1**	6.4	**–**	–
Intangible assets	**1.2**	0.4	**–**	–
Fair value adjustment on acquisition	**–**	4.3	**–**	–
Consumable stores	**1.2**	1.0	**–**	–
Interest bearing loans and borrowings	**4.0**	–	**–**	–
Other items	**5.7**	4.5	**2.4**	2.2
	22.2	16.6	**2.4**	2.2

28. Non-current liabilities – provisions

	Consolidated 2007 $m	Consolidated 2006 $m	Company 2007 $m	Company 2006 $m
Employee benefits	**12.9**	22.8	**–**	–
Workers' compensation	**2.3**	1.1	**–**	–
Other provisions	**1.5**	1.8	**–**	–
	16.7	25.7	**–**	–

(a) Workers' compensation

Goodman Fielder is a licensed self-insurer under the *Victorian Accident Compensation Act*. See note 24 for details.

(b) Other

Included in other provisions are amounts in respect of surplus lease provisions and make-good provisions in respect of certain of the businesses' leased premises. These provisions will be utilised over the duration of the lease terms.

(c) Movements in provisions

Movements in each class of provision during the financial year for current and non-current, other than employee benefits, are set out below:

Consolidated – 2007	**Workers' compensation $m**	**Business closure and rationalisation $m**	**Other $m**	**Total $m**
Current and Non-current				
Carrying amount at start of year	**7.5**	**1.9**	**4.2**	**13.6**
Additional provisions recognised	**1.9**	**–**	**2.0**	**3.9**
Amounts used during the period	**(6.3)**	**(1.1)**	**(3.1)**	**(10.5)**
Carrying amount at end of year	**3.1**	**0.8**	**3.1**	**7.0**

29. Contributed equity

	Consolidated		Consolidated	
	2007 Number of shares '000	2006 Number of shares '000	**2007 $m**	2006 $m
Consolidated entity				
Other contributed equity				
Movement in other contributed equity:				
Opening balance	**1,325,000**	–	**1,737.4**	–
Issue of share capital	**–**	1,325,000	**–**	2,650.0
Share issue transaction costs (net of tax)	**–**	–	**–**	(65.4)
Reverse acquisition accounting adjustment	**–**	–	**–**	(847.2)
Balance at 30 June	**1,325,000**	1,325,000	**1,737.4**	1,737.4
Share capital				
Share capital			**4.9**	4.9
Total consolidated contributed equity			**1,742.3**	1,742.3

	Company		Company	
	2007 Number of shares '000	2006 Number of shares '000	**2007 $m**	2006 $m
Company				
Share capital				
Movement in share capital:				
Opening balance	**1,325,000**	–	**2,584.6**	–
Issue of share capital	**–**	1,325,000	**–**	2,650.0
Share issue transaction costs (net of tax)	**–**	–	**–**	(65.4)
Total company	**1,325,000**	1,325,000	**2,584.6**	2,584.6

(a) 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 the Company. All shares rank equally with regard to the Company's residual assets.

(b) Share capital

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

The balance of share capital in the Company's accounts represents the shares on issue of Goodman Fielder Limited, following the Initial Public Offering in December 2005, less the costs of issuing those shares net of the tax benefit arising on those costs.

(c) 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.

notes to the financial statements continued

30. Reserves and retained profits

(a) Reserves	Consolidated 2007 $m	Consolidated 2006 $m	Company 2007 $m	Company 2006 $m
Hedging reserve	**20.2**	6.4	**–**	–
Foreign currency translation reserve	**(75.8)**	(123.6)	**–**	–
	(55.6)	(117.2)	**–**	–
Movements:				
Hedging reserve				
Balance at 1 July	**6.4**	–	**–**	–
Total recognised income	**13.8**	6.4	**–**	–
Balance at 30 June	**20.2**	6.4	**–**	–
Foreign currency translation reserve				
Balance at 1 July	**(123.6)**	–	**–**	–
Total recognised income and (expense)	**47.8**	(123.6)	**–**	–
Balance at 30 June	**(75.8)**	(123.6)	**–**	–

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).

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).

(b) Retained profits

Movements in retained profits were as follows:

	Consolidated 2007 $m	Consolidated 2006 $m	Company 2007 $m	Company 2006 $m
Opening retained earnings/(accumulated losses)	**103.3**	(78.2)	**(3.1)**	–
Profit/(loss) for the year	**239.8**	384.7	**193.7**	(3.1)
Dividends paid to shareholders	**(152.4)**	–	**(152.4)**	–
Other movements	**(2.3)**	–	**–**	–
Pre-acquisition dividend paid to Burns, Philp & Company Limited	**–**	(203.2)	**–**	–
Change in fair value of retirement benefit plan	**(1.4)**	–	**–**	–
Balance 30 June	**187.0**	103.3	**38.2**	(3.1)

31. Minority interests

	Consolidated 2007 $m	Consolidated 2006 $m	Company 2007 $m	Company 2006 $m
Interest in:				
Retained profits	**7.2**	8.6	**–**	–

32. Dividends

(a) Ordinary shares	Company 2007 $m	Company 2006 $m
Final dividend for the year ended 30 June 2006 of 5.5 cents (2005 – n/a) per fully paid share paid on 31 October 2006 Australia: 65% franked (previous corresponding period – n/a) amount of 3.575 cents at 30% (previous corresponding period – n/a) New Zealand: 50% imputation (previous corresponding period – n/a) amount of 2.750 cents at 33% (previous corresponding period – n/a)	**72.9**	–
Interim dividend for the year ended 30 June 2007 of 6.0 cents (previous corresponding period – n/a) per fully paid share paid on 30 March 2007 Australia: 40% franked (previous corresponding period – n/a) amount of 2.4 cents at 30% (previous corresponding period – n/a) New Zealand: 50% imputation (previous corresponding period – n/a) amount of 3.0 cents at 33% (previous corresponding period – n/a)	**79.5**	–
(b) Dividends not recognised at year end Since year end the Directors have recommended the payment of a final dividend of 7.5 cents per fully paid ordinary share (previous corresponding period: 5.5 cents) Australia: 65% franked amount of 4.875 cents at 30% New Zealand: 30% imputation amount of 2.25 cents at 33%. The aggregate amount of the proposed dividend payable on or around 31 October 2007 out of retained profits at 30 June 2007, but not recognised as a liability at year end, is	**99.4**	72.9

(c) Franked dividends – Australia

The franked portions of the final dividends recommended after 30 June 2007 will be franked out of existing franking credits or out of franking credits arising from the payment of income tax in the year ending 30 June 2008.

	Company 2007 $m	Company 2006 $m
Franking credits available for the above period and for subsequent financial years based on a tax rate of 30% (2006 – 30%)	**22.4**	20.9

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;

(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.

The ability to utilise the franking credits is dependent upon there being sufficient available profits to declare dividends.

The impact on the dividend franking account of dividends proposed after the balance sheet date but not recognised as a liability is to reduce it by A$27.7 million (2006: A$20.3 million).

(d) Imputation credits – New Zealand

	Company 2007 A$m	Company 2006 A$m
Estimated New Zealand imputation credits expected to be available for the above dividend and subsequent financial years based on a tax rate of 33% (2006: 33%)	**3.4**	13.7

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 operating 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 proposed after balance sheet date but not recognised as a liability is to reduce it by A$15.4 million (2006: A$17.9 million).

33. Key management personnel disclosures

(a) Directors

The following persons were Directors of Goodman Fielder Limited during the financial year:

(i) Chairperson – non-executive

Max Ould (Chairperson from 31 Aug 06)

(ii) Executive Director

Peter Margin, Managing Director and Chief Executive Officer

(iii) Non-executive Directors

Thomas Degnan (Chairperson to 30 Aug 06)
Timothy Hardman
Graeme Hart
Clive Hooke (appointed 19 Apr 07)
Hugh Perrett
Gavin Walker (appointed 23 Feb 07)

Mr Degnan had an interim executive role as Managing Director of the Company's dairy operations until 11 November 2006 while Mr Margin was restricted from involvement with that business due to the terms of a release from his former employer.

(b) Other key management personnel

The following persons also had authority and responsibility for planning, directing and controlling the activities of the Group, directly or indirectly, during the financial year:

Name	Position	
Gordon Hardie	Managing Director, Fresh Baking	
Geoff Erby	Managing Director, Home Ingredients	
David Glik	Managing Director, Fresh Dairy	(from 8 Mar 07)
Paul Hitchcock	Managing Director, Commercial	
David Goldsmith	Chief Financial Officer	(from 2 Apr 07)
Alison Taylor	Managing Director, Retail New Zealand	(until 23 Feb 07)
Andrew Beck	Chief Financial Officer	(until 31 Dec 06)

All of the above persons were also key management personnel during the year ended 30 June 2006, except for David Goldsmith who commenced employment with the Group on 2 April 2007 and David Glik who commenced on 8 March 2007.

(c) Key management personnel compensation

	Consolidated		Company [1]	
	2007 $	2006 $	**2007 $**	2006 $
Short-term employee benefits	**5,346,841**	5,017,864	**2,084,595**	1,756,891
Post-employment benefits	**1,380,879**	219,274	**692,430**	72,308
Total	**6,727,720**	5,237,138	**2,777,025**	1,829,199

[1] Amounts paid and payable to key management personnel of the Company were not recorded as an expense of the Company as payments are made by a subsidiary of the Company.

The Company has taken advantage of the relief provided by *Corporations Regulation* 2M.6.04 and has transferred the detailed remuneration disclosures to the Directors' Report. The relevant information can be found in the Remuneration Report.

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. 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.

(d) Equity instrument disclosures relating to key management personnel

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:

2007	**Balance at the start of the year**	**Acquisitions/ (disposals)**	**Other changes during the year**	**Balance at the end of the year**
Ordinary shares				
Executive Director of Goodman Fielder Limited				
P M Margin	100,100	–	–	100,100
Non-executive Directors of Goodman Fielder Limited				
M G Ould	100	50,000	–	50,100
T J Degnan	100	–	–	100
T G Hardman	100,100	–	–	100,100
G R Hart [(1)] [(2)]	265,009,800	–	4,688	265,014,488
C A Hooke	–	–	25,000	25,000
H E Perrett	100	–	–	100
G R Walker	–	1,000	–	1,000
Other key management personnel of the Group				
G G W Erby	–	–	–	–
G J Hardie	–	–	–	–
P W Hitchcock	10,000	–	–	10,000
D C Glik	–	–	–	–
D K Goldsmith	–	–	–	–
A W Beck	100,000	–	(100,000)	–
A J Taylor	–	–	–	–

2006	Balance at the start of the year	Acquisitions/ (disposals)	Other changes during the year	Balance at the end of the year
Ordinary shares				
Executive Directors of Goodman Fielder Limited				
P M Margin	–	100,100	–	100,100
T J Degnan	–	100	–	100
H D Golding	–	100	(100)	–
A P Hugli	–	–	–	–
G J Quirk	–	4,000	(4,000)	–
Non-executive Directors of Goodman Fielder Limited				
M G Ould	–	100	–	100
T G Hardman	–	100,100	–	100,100
G R Hart [(1)]	–	265,009,800	–	265,009,800
H E Perrett	–	100	–	100
M D I Burrows	–	100	(100)	–
B M Murray	–	100	(100)	–
F W Smith	–	100	(100)	–
Other key management personnel of the Group				
A W Beck	–	100,000	–	100,000
G G W Erby	–	–	–	–
G J Hardie	–	–	–	–
P W Hitchcock	–	10,000	–	10,000
A J Taylor	–	–	–	–
A McIver	–	–	–	–

(1) Mr Hart held 100 shares in his own name and through his ownership of Rank Group Limited (which holds all of the shares in Burns Philp), had a relevant interest at 30 June 2007 in 265,009,700 shares (2006: 265,009,700 shares) held by Burns Philp.

(2) This includes 4,688 shares held by Mr Hart's wife and son, but over which Mr Hart does not exercise control.

33. Key management personnel disclosures continued

(e) Loans to key management personnel

There were no loans to key management personnel or their related parties made by the Company or the consolidated entity during the financial year and no loans to key management personnel or their related parties were outstanding at the reporting date.

(f) Other transactions with key management personnel

There were no other transactions with key management personnel during the period. From time to time, key management personnel of the Company or its consolidated entities may purchase goods from the consolidated entity. These purchases are on the same terms and conditions as those entered into by other consolidated entity employees or customers and are trivial or domestic in nature.

34. Remuneration of auditors

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

	Consolidated		Company	
(a) Audit services	**2007 $'000**	2006 $'000	**2007 $'000**	2006 $'000
KPMG Australia				
Audit and review of financial reports	**841.0**	1,194.3	**–**	–
Overseas KPMG firms				
Audit and review of financial reports	**489.4**	473.3	**–**	–
	1,330.4	1,667.6	**–**	–
(b) Other assurance services				
KPMG Australia				
Investigating accountant report	**–**	3,160.0	**–**	–
Other assurance services	**76.0**	23.6	**–**	–
Other regulatory audit services	**7.0**	9.4	**–**	–
Accounting advice	**–**	194.0	**–**	–
Overseas KPMG firms				
Other assurance services	**66.6**	165.1	**–**	–
	149.6	3,552.1	**–**	–
Total remuneration	**1,480.0**	5,219.7	**–**	–

The 2006 comparative of the KPMG Australia audit of the financial report reflects the final actual fees in respect of the 2006 financial year.

35. Contingencies

Contingent liabilities

The consolidated entity is subject to litigation in the ordinary course of operations. The consolidated entity 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, balance sheet or income statement.

The Company and certain of its controlled entities have entered into guarantees and security arrangements in respect of certain of the Group's indebtedness as described in note 26.

The Company and certain of its wholly owned controlled entities have entered into a Deed of Cross Guarantee. Details are set out in note 40.

36. Commitments

(a) Capital commitments

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

	Consolidated		Company	
	2007 $m	2006 $m	**2007 $m**	2006 $m
Payable:				
Within one year	**9.2**	6.8	**–**	–

(b) Operating leases

Significant leases within the Group include the head office premises in Sydney Australia, a fats and oils site at Mascot Australia, the Auckland New Zealand office, a dairy processing site in Christchurch New Zealand and a depot in Penrose New Zealand.

	Consolidated		Company	
	2007 $m	2006 $m	**2007 $m**	2006 $m
Commitments for minimum lease payments in relation to non-cancellable operating leases are payable as follows:				
Within one year	**23.6**	22.3	**–**	–
Later than one year but not later than five years	**40.9**	35.5	**–**	–
Later than five years	**26.0**	14.2	**–**	–
	90.5	72.0	**–**	–

The head office lease expiring in 2009 is subject to an annual rental review. There is an option to renew the lease for a further five years on expiry. A part of the head office premises has been subleased. The subleases expire in 2009 with an agreed annual increase of 3% per annum with one sublessor. Sublease payments of $6.0 million are expected to be received over the sublease period. The Group has recognised a surplus lease provision of $0.9 million (2006: $1.3 million) in respect of these leases.

The fats and oils plant is a 12 month lease with an option to renew annually. Upon renewal there are specified rental increases.

The Auckland office lease expiring in 2010 is subject to a rent review in 2008. The Penrose depot lease expires in 2024 and is subject to a rent review every six years. The Christchurch dairy site lease expires in 2042 and is subject to rent reviews every seven years.

37. 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.

(c) Subsidiaries

Interests in subsidiaries are set out in note 39.

(d) Key management personnel

Disclosures relating to key management personnel are set out in note 33.

(e) Transactions with related parties

The following transactions occurred with related parties:

During the year ended 30 June 2007, the Burns, Philp & Company Limited subsidiaries with whom the Group undertook related party transactions were: Bluebird Foods Limited for the period to January 2007 (the date of the sale of the Bluebird Foods business by Burns, Philp & Company Limited) and Uncle Tobys Foods Pty Limited and Uncle Tobys Company Pty Limited to July 2006 (the date of the sale of the Uncle Tobys business by Burns, Philp & Company Limited).

For the period ended 30 June 2006 the Burns, Philp & Company Limited subsidiaries with whom the Group undertook related party transactions were Bluebird Foods Limited for the full period and Uncle Tobys Foods Pty Limited and Uncle Tobys Company Pty Limited from 31 October 2005 (the date of the purchase of the Uncle Tobys business by Burns, Philp & Company Limited).

37. Related party transactions continued

(e) Transactions with related parties

	Consolidated 2007 $m	Consolidated 2006 $m	Company 2007 $m	Company 2006 $m
Sales of goods				
Sale of goods to related entities (Burns Philp Group)	**16.6**	19.4	**–**	–
Purchases of goods				
Purchase of goods from related entities (Burns Philp Group)	**16.8**	14.9	**–**	–
Other transactions				
Recharge of services from Burns Philp and its subsidiaries	**0.2**	4.2	**–**	–
Dividends received from wholly-owned subsidiaries	**–**	–	**147.1**	–
Recharge of services to Burns Philp and its subsidiaries	**2.9**	5.3	**–**	–
Reimbursement of costs to Burns Philp in respect of the Initial Public Offering of shares in Goodman Fielder Limited	**–**	15.8	**–**	–
Interest received/receivable from wholly-owned subsidiaries	**–**	–	**33.2**	3.2
Interest paid/payable to wholly-owned subsidiaries	**–**	–	**2.0**	2.9
Dividends paid to Burns, Philp & Company Limited	**30.5**	203.2	**–**	–
Payment of the final 'earn-out' amount to Rank Group Limited	**47.0**	–	**–**	–
Current receivables (sales of goods and services)				
Related entities (Burns Philp Group)	**0.6**	0.9	**9.7**	–
Current receivables (tax funding agreement)				
Wholly-owned tax consolidated entities	**–**	–	**30.2**	26.0
Non-current receivables (loans)				
Wholly-owned subsidiaries	**–**	–	**444.8**	484.1
Current payables (purchases of goods)				
Related parties (Burns Philp Group)	**–**	2.8	**–**	–
Non-current payables (loans)				
Wholly-owned subsidiaries	**–**	–	**–**	85.8

Other transactions and/or balances between the Goodman Fielder Group and the related and/or Director-related entities have occurred with respect to:

The current financial year and the previous financial year:

Uncle Tobys Foods Pty Limited

- provision of, amongst other matters, information technology, call centres, merchandising and property leases
- purchases of products for distribution in food services and commercial channels
- supply of edible fats and oils
- supply of product distribution services

Bluebird Foods Limited

- provision of, amongst other matters, information technology and call centres
- supply of edible fats and flour
- purchases of products for distribution in food services and commercial channels

Carter Holt Harvey Limited

- purchases of corrugated fibreboard packaging
- supply of raw materials used in packaging manufacture

Burns Philp Group

- supply of workers' compensation claims management services
- supply of product distribution services
- property rental in New Zealand

The previous financial year only:

- The acquisition of the Baking, Spreads and Oils businesses from Burns, Philp & Company Limited.
- The acquisition of New Zealand Dairy Foods Holdings Limited from Rank Group Limited.

(f) 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 2007, the Group has not incurred any impairment losses relating to amounts owed by related parties (2006: nil).

38. Business combinations

Current year

There were no individually material business combinations in the year ended 30 June 2007. During the year, the Group acquired the Copperpot dips business in Australia, the River Mill baking business in New Zealand and the Northern Bakeries business in New Zealand. Details of other businesses acquired, as controlled entities, can be found in note 39. Aggregate details of the business combinations that occurred in the year ended 30 June 2007 are as follows:

(a) Summary of acquisition

Details of net assets acquired and goodwill are as follows:

	2007 $m
Purchase consideration (refer to (b) below):	
Cash paid	126.4
Deferred consideration	9.4
Total purchase consideration	135.8
Fair value of net identifiable assets acquired (refer to (c) below)	(25.1)
Goodwill (refer to (c) below and note 18)	110.7

(b) Purchase consideration

Outflow of cash to acquire subsidiary, net of cash acquired:	
Cash consideration	126.4
Less: Cash balances acquired	(0.9)
Outflow of cash	125.5

(c) Assets and liabilities acquired

The assets and liabilities arising from the acquisition are as follows:

	Acquiree's carrying amount $m	Fair value $m
Cash	0.9	0.9
Trade receivables	4.9	4.9
Inventories	4.3	4.2
Plant and equipment	19.7	20.1
Deferred tax asset	–	0.2
Intangible assets: trademarks	0.8	0.8
Other assets	0.1	0.1
Trade payables	(3.9)	(3.8)
Other creditors	(0.4)	(0.4)
Provision for employee benefits	(0.2)	(0.8)
Loans	(0.3)	(0.3)
Deferred tax liability	(0.8)	(0.8)
Net assets	25.1	25.1
Net identifiable assets acquired		25.1

38. Business combinations continued

Prior period

1 – Acquisition of Baking, Spreads and Oils businesses by Goodman Fielder Consumer Foods Pty Limited

(a) Summary of acquisition

On 21 December 2005, Goodman Fielder Limited acquired 100% of the Baking, Spreads and Oils businesses from Burns, Philp & Company Limited (Burns Philp). As detailed in note 1, under AASB 3, the Group is required to account for that acquisition as if Goodman Fielder Consumer Foods Pty Limited (the legal entity that held the Commercial Australia and Home Ingredients Australia businesses) had acquired the Baking, Spreads and Oils businesses (excluding those it already owned) from Burns Philp.

The total cost of the acquisition of the Baking, Spreads and Oils businesses was $1,749.3 million.

As reported in the 2006 annual financial report of Goodman Fielder, the fair value of the identifiable assets and liabilities of the Baking, Spreads and Oils businesses (excluding the deemed acquirer) of $769.3 million represented a provisional assessment of those values at the date of acquisition. The fair values were finalised in the six months to 31 December 2006 and revised to $691.6 million. This was reported in the 31 December 2006 half year report. The corresponding increase in goodwill by $77.7 million represents a $54.5 million reduction in the fair value of property, plant and equipment, a $55.3 million reduction in the fair value of brands, a $24.3 million increase in the fair value of deferred tax assets and a $7.8 million reduction in the fair value of deferred tax liabilities. Depreciation expense for the period was reduced by $1.7 million following the reduction in the fair value of property, plant and equipment.

Details of the fair value of the assets and liabilities acquired and goodwill are as follows:

	2006 $m
Purchase consideration (refer to (b) below):	
Equity issued	667.3
Debt	1,082.0
Total purchase consideration	1,749.3
Fair value of net identifiable assets acquired (refer to (c) below)	(684.6)
Goodwill (refer to (c) below and note 18)	1,064.7

(b) Purchase consideration

Outflow of cash to acquire subsidiary, net of cash acquired:	
Cash consideration	1,749.3
Less: Cash balances acquired	(37.9)
Outflow of cash	1,711.4

(c) Assets and liabilities acquired

The assets and liabilities arising from the acquisition are as follows:

	Acquiree's carrying amount $m	Fair value $m
Property, plant and equipment	292.3	339.0
Deferred tax asset	53.4	65.5
Cash and cash equivalents	37.9	37.9
Trade receivables	125.3	125.3
Inventories	62.5	62.5
Identifiable intangible assets	140.4	248.3
Other assets	29.0	35.2
Trade payables	(104.6)	(104.6)
Other creditors	(55.8)	(55.8)
Provisions	(38.4)	(38.4)
Borrowings	(11.8)	(11.8)
Tax liabilities	(6.1)	(11.5)
Net assets	524.1	691.6
Minority interests		(7.0)
Net identifiable assets acquired		684.6

2 – Acquisition of New Zealand Dairy Foods Holdings Limited

(a) Summary of acquisition

On 22 December 2005, the Company acquired 100% of the voting shares of New Zealand Dairy Foods Holdings Limited (the holding company of New Zealand Dairy Foods (NZDF)), an unlisted public company based in New Zealand specialising in the supply of dairy products and small goods in New Zealand. The shares were acquired from the Rank Group Limited (Rank).

The total cost of the acquisition was NZ$871.0 million (A$822.2 million). This included an 'earn-out' amount. This was finalised and paid in December 2006. The amount was NZ$12.0 million (A$11.3 million) less than the agreed maximum cap upon which the provisional acquisition accounting had been based.

As reported in the 2006 annual financial report of Goodman Fielder, the fair value of the identifiable assets and liabilities of New Zealand Dairy Foods Holdings Limited of $264.4 million represented a provisional assessment of those values at the date of acquisition. The fair values have now been finalised and have been revised to $228.8 million. The corresponding increase in goodwill of $35.6 million represents a $15.2 million reduction in the fair value of property, plant and equipment, a $23.9 million reduction in the fair value of brands and a $3.5 million increase in the fair value of deferred tax assets. Depreciation expense for the period was reduced by $0.4 million following the reduction in the fair value of property, plant and equipment.

Details of the fair value of the assets and liabilities acquired and goodwill are as follows:

	2006 $m
Purchase consideration (refer to (b) below):	
Cash paid	316.5
'Earn-out' amount based on the delivery of increases to the EBITDA of the acquired businesses arising from a number of value add improvements finalised and paid in December 2006 for NZ$125.0 million	118.0
Repayment of NZ$152.0 million outstanding under NZDF's capital notes program	143.4
Repayment of NZDF's subordinated debt of NZ$259.0 million	244.3
Total purchase consideration	822.2
Fair value of net identifiable assets acquired (refer to (c) below)	(228.0)
Goodwill (refer to (c) below and note 18)	594.2

(b) Purchase consideration

Outflow of cash to acquire subsidiary, net of cash acquired:	
Cash consideration	704.2
Less: Cash balances acquired	(3.1)
Deferred consideration	118.0
Outflow of cash	819.1

(c) Assets and liabilities acquired

The assets and liabilities arising from the acquisition are as follows:

	Acquiree's carrying amount $m	Fair value $m
Property, plant and equipment	92.6	76.6
Deferred tax assets	3.2	9.2
Cash and cash equivalents	3.1	3.1
Trade receivables	92.8	92.8
Inventories	38.9	38.9
Identifiable intangible assets	85.1	118.7
Other assets	3.6	3.5
Trade payables	(80.6)	(80.6)
Other creditors	(22.2)	(22.2)
Provisions	(11.2)	(11.2)
Net assets	205.3	228.8
Minority interests		(0.8)
Net identifiable assets acquired		228.0

39. Subsidiaries

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy described in note 1(b):

Controlled entities of Goodman Fielder Limited at 30 June 2007 excluding those acquired during the year	**Country of incorporation**	**Class of shares**	**Equity holding 2007 %**	Equity holding 2006 %
BCW Hotplate Bakery 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
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
La Famiglia Fine Foods Pty Ltd	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 Company (Fiji) 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	**58.6**	58.6
Goodman Fielder International Sdn Bhd	Malaysia	Ordinary	**100**	100
Goodman Fielder Nouvelle Caledonie SAS	New Caledonia	Ordinary	**100**	100
Moulins Du Pacifique Sud SA	New Caledonia	Ordinary	**99.5**	99.1
Societe Industrielle Commerciale et Agro-Alimentaire Neo-Caledonienne SA (sold 1 Jan 07)	New Caledonia	Ordinary	**–**	97.6
GF Retirement Nominees Limited	New Zealand	Ordinary	**100**	100
Goodman Fielder Commercial New Zealand Limited (amalgamated with Goodman Fielder New Zealand Limited on 30 Jun 07)	New Zealand	Ordinary	**–**	100
Goodman Fielder New Zealand Limited	New Zealand	Ordinary	**100**	100
Goodman Fielder Treasury New Zealand Limited	New Zealand	Ordinary	**100**	100
Meadow Fresh NZ Limited (amalgamated with Goodman Fielder New Zealand Limited on 3 Jul 06)	New Zealand	Ordinary	**–**	100
PIC New Zealand Limited (sold 4 May 07)	New Zealand	Ordinary	**–**	100
Top Hat Convenience Foods Limited (amalgamated with Goodman Fielder New Zealand Limited on 3 Jul 06)	New Zealand	Ordinary	**–**	100
Associated Mills Limited	PNG	Ordinary	**74**	74
Binnen Bakery Limited (deregistered 30 Apr 07)	PNG	Ordinary	**–**	98.17
Evercrisp Snacks (PNG) Limited	PNG	Ordinary	**100**	100
Golden Crust Bakery Limited (amalgamated with Goodman Fielder International (PNG) Limited on 1 Jan 07)	PNG	Ordinary	**–**	100
Goodman Fielder International (PNG) Limited	PNG	Ordinary	**100**	100
Mount Hagen Bakery Limited (amalgamated with Goodman Fielder International (PNG) Limited on 1 Jan 07)	PNG	Ordinary	**–**	100
RBPM Limited	PNG	Ordinary	**75**	75
Goodman Fielder International (Philippines) Inc	Philippines	Ordinary	**100**	100

Controlled entities of Goodman Fielder Limited acquired during the year ended 30 June 2007	Country of incorporation	Class of shares	Equity holding 2007 %	2006 %
Bilgola Foods Pty Ltd (acquired 1 Sept 06)	Australia	Ordinary	**100**	–
Hawley Nominees Pty Ltd (acquired 12 Jul 06)	Australia	Ordinary	**100**	–
La Biscuitiere SAS (acquired 23 Feb 07)	New Caledonia	Ordinary	**100**	–

40. 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 financial reports, and Directors' Reports, with the exception of La Famiglia Fine Foods Pty Ltd a business acquired during the previous financial period, which, although a party to the Deed, is not currently granted relief. 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 the Company and each of the subsidiaries enter into a Deed of Cross Guarantee. The effect of the Deed is that the Company 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, the Company 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 the Company is wound up.

The subsidiaries 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
- Defiance Mills Pty Ltd
- GF Brand Holding Company Pty Limited
- GF Services Company Pty Limited
- GF Defiance Pty Limited
- Goodman Fielder Consumer Foods Pty Limited
- Goodman Fielder Food Services Pty Limited
- Goodman Fielder Treasury Pty Limited
- Hawley Nominees Pty Ltd
- La Famiglia Fine Foods Pty Ltd
- Quality Bakers Australia Pty Limited
- Regal Bakeries Pty Limited
- Stuart Bakery Pty Ltd
- Sunicrust Bakeries Proprietary Limited

(a) Consolidated income statement and a summary of movements in consolidated retained profits

Prior year comparatives have been restated for the finalisation of the acquisition accounting.

A consolidated income statement and consolidated balance sheet, comprising the Company and controlled entities which are party to the Deed, after eliminating all transactions between parties to the Deed of Cross Guarantee, at 30 June 2007, is set out as follows:

	2007 $m	2006 (Restated) $m
Summary of movements in consolidated retained profits		
Retained profits at the beginning of the financial year	**(35.4)**	(233.7)
Profit before tax	**306.5**	395.4
Income tax expense	**(52.2)**	(55.7)
Dividends recognised during the period	**(152.2)**	(141.4)
Retained profits at the end of the financial year	**66.7**	(35.4)

40. Deed of cross guarantee continued

(b) Balance sheet

A consolidated balance sheet, comprising the Company and controlled entities which are party to the Deed, after eliminating all transactions between parties to the Deed of Cross Guarantee, at 30 June 2007, is set out as follows:

	2007 $m	2006 (Restated) $m
Current assets		
Cash and cash equivalents	**17.0**	53.7
Trade and other receivables	**156.2**	134.5
Inventories	**69.6**	57.8
Derivative financial instruments	**6.4**	–
Other assets	**20.4**	25.5
Total current assets	**269.6**	271.5
Non-current assets		
Derivative financial instruments	**11.5**	–
Receivables	**482.9**	435.2
Property, plant and equipment	**246.0**	212.3
Deferred tax assets	**57.7**	–
Intangible assets	**674.1**	604.8
Other assets	**55.2**	89.0
Total non-current assets	**1,527.4**	1,341.3
Total assets	**1,797.0**	1,612.8
Current liabilities		
Derivative financial instruments	**4.9**	–
Trade and other payables	**241.4**	230.6
Current tax liabilities	**40.9**	–
Provisions	**26.2**	28.6
Total current liabilities	**313.4**	259.2
Non-current liabilities		
Payables	**1.1**	1.0
Borrowings	**420.7**	419.1
Deferred tax liabilities	**(11.2)**	–
Provisions	**25.1**	48.4
Total non-current liabilities	**435.7**	468.5
Total liabilities	**749.1**	727.7
Net assets	**1,047.9**	885.1
Equity		
Contributed equity	**971.8**	971.8
Reserves	**9.4**	(51.3)
Retained profits	**66.7**	(35.4)
Total equity	**1,047.9**	885.1

41. Jointly controlled entities

The Group has a 50% interest (2006: 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, has been written off. No loan repayments (2006: $0.6 million) were received during the period.

The Group's share of the profit before income tax of the jointly controlled entities was nil (2006: $0.2 million). The Group's share of the income tax expense of the jointly controlled entities was nil (2006: $0.1 million). The Group's share of the profit after income tax expense of the jointly controlled entities was nil (2006: $0.1 million).

No impairment losses or reversal of impairment losses have been recognised during the period in respect of these investments.

42. Reconciliation of profit/(loss) after income tax to net cash inflow from operating activities

	Consolidated		Company	
	2007 $m	2006 $m	**2007 $m**	2006 $m
Profit/(loss) for the year	**243.2**	386.4	**193.7**	(3.1)
Adjustments for:				
Depreciation and amortisation	**55.2**	41.0	**–**	–
Dividend income classified as investing cash flow	**–**	–	**(147.1)**	–
Interest income	**–**	–	**(26.0)**	–
Net loss/(gain) on disposal of property, plant and equipment	**9.7**	(2.1)	**–**	–
Gain on sale of discontinued operation, net of tax	**–**	(238.1)	**–**	–
Unrealised foreign exchange (gain)/loss	**(37.8)**	1.2	**(24.0)**	1.8
Change in operating assets and liabilities, net of effects from purchase of controlled entity and sale of discontinued operation				
Decrease/(increase) in trade and other receivables	**(27.7)**	41.6	**–**	–
Decrease/(increase) in inventories	**(15.2)**	16.0	**–**	–
Decrease/(increase) in derivative financial assets	**(19.4)**	–	**–**	–
Decrease/(increase) in deferred tax assets	**22.3**	42.7	**5.7**	2.6
Decrease/(increase) in other assets	**(6.3)**	–	**–**	–
(Decrease)/increase in trade and other payables	**39.6**	(195.5)	**–**	–
(Decrease)/increase in provisions	**(13.0)**	–	**–**	–
(Decrease)/increase in current tax liability	**(11.4)**	(27.8)	**2.8**	–
(Decrease)/increase in deferred tax liabilities	**5.6**	21.9	**0.2**	–
(Decrease)/increase in provisions and employee benefits	**–**	2.1	**–**	–
Net cash inflow from operating activities	**244.8**	89.4	**5.3**	1.3

43. Events occurring after the balance sheet date

There have been no events subsequent to balance date which would have a material effect on the Group's financial statements at 30 June 2007.

notes to the financial statements continued

44. Earnings per share

(a) Basic and diluted earnings per share	Consolidated 2007 Cents	2006 Cents
Profit from continuing operations attributable to the ordinary equity holders of the company	**18.10**	18.09
Profit from discontinued operation	–	28.84
Profit attributable to the ordinary equity holders of the company	**18.10**	46.93

(b) Reconciliations of earnings used in calculating earnings per share	Consolidated 2007 $m	2006 $m
Basic earnings per share		
Profit from continuing operations	**243.2**	150.0
Less: Profit from continuing operations attributable to minority interests	**(3.4)**	(1.7)
Profit from continuing operations attributable to the ordinary equity holders of the Company used in calculating basic earnings per share	**239.8**	148.3
Profit from discontinued operation attributable to the ordinary equity holders of the Company used in calculating basic earnings per share	–	236.4
Profit attributable to the ordinary equity holders of the Company used in calculating basic earnings per share	**239.8**	384.7

(c) Weighted average number of shares used as the denominator	Consolidated 2007 Number m	2006 Number m
Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share	**1,325.0**	819.7

Directors' Declaration

In the Directors' opinion:

(a) the financial statements and notes set out on pages 52 to 98 are in accordance with the *Corporations Act 2001,* including:

(i) complying with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and

(ii) giving a true and fair view of the company's and consolidated entity's financial position as at 30 June 2007 and of their performance for the financial year ended on that date; and

(b) there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable; and

(c) the financial report complies with International Financial Reporting Standards as disclosed in note 1(a); and

(d) the audited remuneration disclosures set out on pages 40 to 47 of the Directors' Report comply with Accounting Standards AASB 124 *Related Party Disclosures* and the *Corporations Regulations 2001*; and

(e) at the date of this declaration, there are reasonable grounds to believe that the members of the Extended Closed Group identified in note 40 will be able to meet any obligations or liabilities to which they are, or may become, subject by virtue of the Deed of Cross Guarantee described in note 40.

The Directors have been given the declarations by the Chief Executive Officer and Chief Financial Officer required by section 295A of the *Corporations Act 2001*.

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

Peter Margin
Managing Director and
Chief Executive Officer

28 August 2007

Max Ould
Chairman
28 August 2007

Independent audit report

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

Report on the financial report and AASB 124 remuneration disclosures contained in the directors' report

We have audited the accompanying financial report of Goodman Fielder Limited ("the Company"), which comprises the balance sheets as at 30 June 2007, and the income statements, statements of recognised income and expense and cash flow statements for the year ended on that date, a description of significant accounting policies and other explanatory notes 1 to 44 and the directors' declaration set out on pages 52 to 99 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.

As permitted by the Corporations Regulations 2001, the Company has disclosed information about the remuneration of directors and executives ('remuneration disclosures'), required by Australian Accounting Standard AASB 124 Related Party Disclosures, under the heading 'remuneration report' in pages 40 to 47 of the directors' report and not in the financial report. We have audited these remuneration disclosures.

Directors' responsibility for the financial report and the AASB 124 remuneration disclosures contained in the directors' report

The directors of the Company are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. In note 1, the directors also state, in accordance with Australian Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial report, comprising the financial statements and notes, complies with International Financial Reporting Standards.

The directors of the Company are also responsible for the remuneration disclosures contained in the directors' report.

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 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 and fair presentation of the financial report 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 (including the Australian Accounting Interpretations), a view which is consistent with our understanding of the Company's and the Group's financial position and of their performance.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Auditor's opinion

In our opinion:

a) The financial report of Goodman Fielder Limited is in accordance with the *Corporations Act 2001*, including:

(i) giving a true and fair view of the Company's and the Group's financial position as at 30 June 2007 and of their performance for the year ended on that date; and

(ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001.

b) The financial report also complies with International Financial Reporting Standards as disclosed in note 1.

Auditor's opinion on AASB 124 remuneration disclosures contained in the directors' report

In our opinion the remuneration disclosures that are contained in pages 40 to 47 of the directors' report comply with Australian Accounting Standard AASB 124 *Related Party Disclosures*.

KPMG

KPMG

David Rogers

David Rogers
Partner

Sydney
28 August 2007

shareholder information

Additional information required by the ASX Limited Listing Rules and not disclosed elsewhere in this report follows:

Stock exchange listings

Goodman Fielder's ordinary shares are quoted on the Australian (ASX) and New Zealand (NZX) exchanges. There are currently 1,325,000,000 ordinary shares on issue. The shares trade under the code GFF on both the ASX and NZX.

The share price is reported in the Industrial Share table in the share market trading data published in daily newspapers. Share prices can also be accessed on the Company's website or at www.asx.com.au (ASX website) or www.nzx.com (NZX website).

The NZX has registered Goodman Fielder as a dual listed issuer in accordance with Rule 5.1.5A of the NZX Listing Rules. Goodman Fielder is therefore exempt from various NZX Listing Rules which are detailed in Appendix 17 of the NZX Listing Rules.

Share registry

Australia

Link Market Services Limited
Level 12, 680 George Street
Sydney NSW 2000
Locked Bag A14
Sydney South NSW 1235

Investor Enquiries:
Tel: 1800 178 254 (in Australia only)
Tel: +61 2 8280 7995 (international)
Fax: +61 2 9287 0303
Website: www.linkmarketservices.com.au

New Zealand

Link Market Services Limited
Level 12, 120 Albert Street
Auckland, New Zealand

Investor Enquiries:
Tel: 0800 150 013 (in New Zealand only)
Tel: +61 2 8280 7201 (international)
Fax: +64 9 375 5990
Website: www.linkmarketservices.com

Shareholder enquiries

Holders of ordinary shares seeking information on their security holdings, dividend payments or related matters should contact the registrar, Link Market Services Limited.

All enquiries must include your Securityholder Reference Number (SRN) or Holder Identification Number (HIN). Your SRN or HIN is recorded on most documents forwarded to you including your holding statement, CHESS statement and proxy form.

Holders can also visit Link's website and access a wide variety of holding information, download instruction forms and make some changes online.

The following can be accessed via a security login using your SRN or HIN as well as surname (or company name) and recorded postcode:

- Check current and previous holding balances
- Choose preferred Annual Report delivery option
- Update address details
- Update bank details
- Lodge, or confirm lodgement of, tax file number (TFN), Australian Business Number (ABN) or exemption
- Check transaction and dividend history
- Enter email addresses
- Subscribe to email announcements
- Check share prices and graphs

Tax file number information

The Company is obliged to record tax file number or exemption details provided by Australian resident shareholders. While it is not compulsory to provide your tax file number or exemption details, the Company is obliged to deduct tax at the top marginal income tax rate plus Medicare levy from unfranked or partly franked dividends paid to shareholders resident in Australia who have not supplied this information. Forms can be obtained by contacting our registrar.

Change of address

Please advise the registrar in writing if you have a new postal address. Shareholders sponsored by a broker should advise their broker of any changes.

Goodman Fielder communications

The Annual Report is the main source of information for shareholders, supplemented by Company announcements and shareholder newsletters. The Annual Report, and all announcements made to the ASX and the NZX, are available for viewing on the Company's website, www.goodmanfielder.com.au. You can subscribe via our registrar's website, www.linkmarketservices.com.au, to receive email notification of the Company's major announcements.

Shareholders wishing to receive Annual Reports should advise the share registry in writing or via our registrar's website.

Substantial shareholders

As at 14 September 2007 the following substantial shareholdings had been advised to the Company:

	Ordinary shares
Rank Group Limited/Burns, Philp & Company Pty Limited	265,009,700
Capital Group Companies, Inc.	90,000,000
Perpetual Limited	175,788,776
Ziff Asset Management, L.P.	68,000,000
Maple-Brown Abbot Limited	90,468,659

Holders of each class of equity security

As at 14 September 2007 the distribution and number of holders of ordinary shares, together with holders holding less than a marketable parcel, were as follows:

	Ordinary shares no. of holders
(a) Distribution	
1 – 1,000	9,124
1,001 – 5,000	10,126
5,001 – 10,000	3,647
10,001 – 100,000	3,145
100,001 – And over	128
(b) Number of holders of ordinary shares	26,170
(c) Holding less than a marketable parcel	39

These numbers are the number of holders as shown on the relevant registers. Beneficial holdings may differ.

Voting rights

The voting rights attaching to the ordinary shares are set out in rule 7.8 of the Company's Constitution. In summary, that rule provides that every member present shall have one vote on a show of hands and on a poll shall have one vote for each fully paid ordinary share held at the record time fixed for determining entitlements to vote and, for each partly paid ordinary share, shall have the fraction of one vote which the amount paid on the share bears to the total amounts paid and payable on the share. Where a person present at a general meeting represents more than one member, on a show of hands that person is entitled to one vote only even though he or she represents more than one member.

shareholder information continued

Twenty largest shareholders at 14 September 2007*	Number of ordinary shares held	% of ordinary shares held
BPC Finance (NZ) Limited	265,009,700	20.00
J P Morgan Nominees Australia Limited	198,177,028	14.96
HSBC Custody Nominees (Australia) Limited	188,488,558	14.23
National Nominees Limited	131,401,649	9.92
RBC Dexia Investor Services Australia Nominees Pty Limited <PIPOOLED A/C>	96,557,638	7.29
HSBC Custody Nominees (Australia) Limited – A/C 2	48,131,511	3.63
Citicorp Nominees Pty Limited	41,833,460	3.16
ANZ Nominees Limited	41,261,161	3.11
Cogent Nominees Pty Limited	14,962,240	1.13
RBC Dexia Investor Services Australia Nominees Pty Limited <PIIC A/C>	12,405,505	0.94
RBC Dexia Investor Services Australia Nominees Pty Limited	11,247,254	0.85
UBS Nominees Pty Ltd	10,613,476	0.80
Citicorp Nominees Pty Limited <CFSIL CWLTH AUST SHS 4 A/C>	10,009,514	0.76
UBS Nominees Pty Ltd <116C A/C>	9,820,000	0.74
New Zealand Central Securities Depository Limited	9,668,890	0.73
AMP Life Limited	7,800,942	0.59
Cogent Nominees Pty Limited <SMP ACCOUNTS>	7,657,886	0.58
UBS Wealth Management Australia Nominees Pty Ltd	7,014,072	0.53
Citicorp Nominees Pty Limited <CFSIL CWLTH AUST SHS 1 A/C>	6,900,000	0.52
Queensland Investment Corporation	4,927,583	0.37
Total	1,123,888,067	84.82
Total issued ordinary shares at 14 September 2007	**1,325,000,000**	

*As shown on the register; beneficial holdings may differ.

At 14 September 2007, the Company had 26,170 ordinary shareholders of which the 20 largest holders held 1,123.9 million of the 1,325 million ordinary shares on issue. There are 21,453 ordinary shareholders with registered addresses in Australia, 4,637 in New Zealand and 80 registered elsewhere, primarily in the United Kingdom, Hong Kong and the United States of America.

company information

Goodman Fielder Limited
ABN 51 116 399 430

Registered Office
75 Talavera Road
Macquarie Park NSW 2113
Australia
(Locked Bag 2222, North Ryde NSW 2113)
Telephone: +61 2 8874 6000
Facsimile: +61 2 8874 6099
Website: www.goodmanfielder.com.au

Directors
Mr Max Ould (Chairman)
Mr Peter Margin
(Managing Director and CEO)
Mr Thomas Degnan
Mr Timothy Hardman
Mr Graeme Hart
Mr Clive Hooke
Mr Hugh Perrett
Mr Gavin Walker

Company Secretary
Mr Jonathon West

Auditor
KPMG
10 Shelley Street
Sydney NSW 2000

2007 Annual General Meeting
22 November 2007 at 10.00 am
in the Auditorium,
the Melbourne Exhibition Centre,
2 Clarendon Street
Southbank Victoria

Dividend

28 September 2007	Record Date
31 October 2007	Payment Date

Stock Exchange Listings (Code GFF)
Australia
New Zealand

Australian Share Registry
Link Market Services Limited
Level 12, 680 George Street
Sydney NSW 2000
Australia
(Locked Bag A14, Sydney South NSW 1235)
Telephone: 1800 178 254 (in Australia)
Telephone: +61 2 8280 7995 (international)
Facsimile: +61 2 9287 0303
Facsimile for proxy voting: +61 2 9287 0309
Website: www.linkmarketservices.com.au

New Zealand Share Registry
Link Market Services Limited
Level 12, 120 Albert Street
Auckland, New Zealand
(PO Box 91976 Auckland 1030 New Zealand)
Telephone: 0800 150 013 (in New Zealand)
Telephone: +61 2 8280 7201 (international)
Facsimile: +64 9 375 5990
Email: lmsenquiries@linkmarketservices.com
Website: www.linkmarketservices.com

www.goodmanfielder.com.au