

13 October 2009

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 Goodman Fielder's Notice of 2009 Annual General Meeting and Proxy Form, which will be despatched to shareholders today. Shareholders will also receive an information slip with details of the final dividend payable on 29 October 2009.

The Company's 2008/09 Annual Report (attached) will 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,

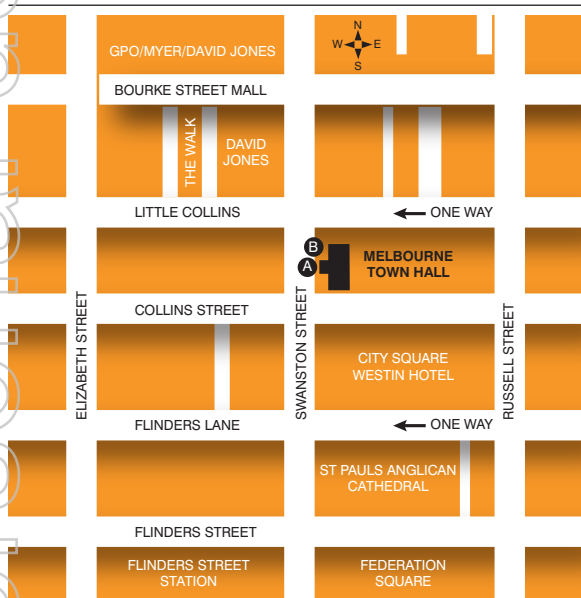


JONATHON WEST
Company Secretary

NOTICE OF 2009 ANNUAL GENERAL MEETING

Goodman Fielder Limited ABN 51 116 399 430

The 2009 Annual General Meeting of shareholders of Goodman Fielder Limited ('the Company') will be held on Thursday, 19 November 2009 at 10.00 am in Swanston Hall, Melbourne Town Hall, 90–120 Swanston Street, Melbourne, Victoria.



Melbourne Town Hall

- A Main Entrance – Swanston Street
- B Swanston Hall and wheelchair access – Copper door
Swanston Street, North of Main Entrance

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 2009.

2. Election of Director – Ms Chris Froggatt

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

'That Ms Chris Froggatt, who has been appointed by the Directors since the last Annual General Meeting, and being eligible and having offered herself for election, be elected as a Director of the Company.'

3. 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 2009 be adopted.'

Note: The vote on this resolution is advisory only.

By order of the Board

Jonathon West
Company Secretary
13 October 2009

Information for Shareholders

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 7.00 pm (Sydney time) on Tuesday, 17 November 2009 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, you may appoint a proxy to attend and vote on your behalf.

A proxy need not be a shareholder. You can appoint an individual or body corporate as a proxy.

The Chairman of the Meeting is willing to act as a proxy for any shareholder who wishes to appoint him for that purpose. To appoint the Chairman, please mark the box in Step 1 of the proxy form where indicated. The Chairman intends to vote undirected proxies in favour of all items of business.

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, your votes will not be cast.

A shareholder who is entitled to cast two or more votes may appoint up to two 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 two 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. If a proxy (who is not a shareholder) holds two or more appointments which specify different ways to vote, the proxy may not vote on a show of hands.

If you are appointing a proxy, please consider how you wish to direct that proxy to vote. You may direct the proxy to vote 'for' or 'against' each resolution or to abstain from voting, or you may leave the decision to your appointed proxy after discussion at the Meeting.

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: + 61 2 9287 0309

New Zealand

Goodman Fielder Share Registry

Link Market Services Limited
Level 16, Brookfields House
Auckland New Zealand
PO Box 91976
Auckland 1030
New Zealand
Fax: +64 9 375 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, or by visiting the registry's website (www.linkmarketservices.com.au for shareholders on the Australian register and www.linkmarketservices.com for shareholders on the New Zealand register) and selecting 'Proxy Voting'.

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 10.00 am (AEDT) or 12.00 noon (NZDT) on Tuesday, 17 November 2009.

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 10.00 am (AEDT) or 12.00 noon (NZDT) on Tuesday, 17 November 2009.

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 in accordance with 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.

Annual Report

Goodman Fielder's 2008/09 Annual Report is available on the Company's website at <http://www.goodmanfielder.com.au/shareholdercentre/annual-reports.aspx>.

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, 19 November 2009 and should be read in conjunction with the Notice of 2009 Annual General Meeting.

An ordinary resolution requires a simple majority of 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. The Company's 2008/09 Annual Report contains copies of these reports and is available on the Company's website at <http://www.goodmanfielder.com.au/shareholdercentre/annual-reports.aspx>.

This item is intended to provide a reasonable opportunity for shareholders to ask questions about, and make comments 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 – Chris Froggatt

Information about the candidate for election

Chris Froggatt

Age 51, BA (Hons), FCIPD

Chris Froggatt has been a Director of the Company since 27 August 2009. She was also appointed as a Member of the Corporate Risk Committee and the Remuneration Committee at the time of her appointment to the Board.

Ms Froggatt has over 20 years' senior executive experience as a human resources specialist in leading international companies including Brambles Industries plc and Brambles Industries Limited, Whitbread Group plc, Diageo plc, Mars Inc and Unilever NV.

More recently she has served on the Boards of Britvic plc and Sports Direct International plc and as an independent trustee director of Berkeley Square Pension Trustee Company Limited. She is currently a non-executive director on the Board of the Australian Chamber Orchestra.

Ms Froggatt has a broad industry background, particularly in consumer branded products, covering industries such as beverages, food and confectionery through her appointments at Britvic, Whitbread, Diageo and Mars. She also has a breadth of experience in other industries such as retailing, hotels, leisure and logistics.

If elected, Ms Froggatt will continue as a Director and will be subject to retirement in accordance with the Constitution of the Company.

Directors' Recommendation

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

Item 3 Remuneration Report

The Company's Remuneration Report is set out on pages 40 to 53 of the 2008/09 Annual Report. The Remuneration Report details the remuneration policy of the Company and the remuneration paid or payable to Directors and other key management personnel of the Goodman Fielder Group. It also sets out, among other things, the relationship between the remuneration of those individuals and the Company's performance. The Remuneration Report has been audited by the Company's auditor, KPMG.

This item is intended to provide a reasonable opportunity for shareholders to ask questions about, or comment on, the Remuneration Report, 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.

Directors' Recommendation

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

only

For personal use

Registered Office

Goodman Fielder Limited

T2, 39 Delhi Road

North Ryde NSW 2113

Australia

(Locked Bag 2222, North Ryde, NSW 2113)

Telephone: +61 2 8899 7000

Facsimile: +61 2 8026 4200

Website: www.goodmanfielder.com.au

LODGE YOUR VOTE

By mail:
Goodman Fielder Limited
C/- Link Market Services Limited
Locked Bag A14
Sydney South NSW 1235 Australia

By fax: +61 2 9287 0309



ONLINE

www.linkmarketservices.com.au

All enquiries to:



Telephone: 1800 178 254
Overseas: +61 2 8280 7995



X99999999999

SECURITYHOLDER VOTING FORM

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

STEP 1

APPOINT A PROXY

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

as my/our proxy to act generally at the meeting on my/our behalf and to vote for me/us on my/our behalf at the Annual General Meeting of the Company to be held at 10:00am on Thursday, 19 November 2009 in Swanston Hall, Melbourne Town Hall, 90-120 Swanston Street, Melbourne, Victoria and at any adjournment or postponement of that meeting.

The Chairman of the Meeting intends to vote undirected proxies in favour of all items of business.

The Chairman of the Meeting is willing to act as proxy for any member who wishes to appoint him for that purpose. To appoint the Chairman, mark the box in Step 1 above. If you leave Step 1 blank, or your named proxy does not attend the Meeting, your votes will not be cast.

Proxies will only be valid and accepted by the Company if they are signed and received no later than 48 hours before the meeting. Please read the voting instructions overleaf before marking any boxes with an **X**

STEP 2

VOTING DIRECTIONS

Item 2

To elect Chris Froggatt as a Director

For	Against	Abstain*
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Item 3

To adopt the Remuneration Report
(non-binding advisory vote only)

<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
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* 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.

STEP 3

SIGNATURE OF SECURITYHOLDERS - THIS MUST BE COMPLETED

PLEASE ENSURE THAT YOU HAVE ALSO COMPLETED STEP 1 ABOVE OR YOUR VOTES WILL NOT BE CAST.

Securityholder 1 (Individual)

Sole Director and Sole Company Secretary

Joint Securityholder 2 (Individual)

Director/Company Secretary (Delete one)

Joint Securityholder 3 (Individual)

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 company's constitution and the *Corporations Act 2001* (Cth).

GFF PRX901

HOW TO COMPLETE THIS PROXY FORM

Your Name and Address

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

Appointment of a Proxy

The Chairman of the Meeting is willing to act as proxy for any shareholder who wishes to appoint him for that purpose. If you wish to appoint the Chairman of the Meeting as your proxy, mark the box in Step 1. 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 Step 1. If you leave this section blank, or your named proxy does not attend the meeting, your votes will not be cast. A proxy need not be a securityholder of the company. A proxy may be an individual or a body corporate.

Votes on Items of Business - Proxy Appointment

You may direct your proxy how to vote by placing a mark in one of the boxes opposite each item of business. All your securities 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 securities 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 you mark more than one box on an item your vote on that item will be invalid.

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 security registry or you may copy this form and return them both together.

To appoint a second proxy you must:

- on each of the first Proxy Form and the second Proxy Form state the percentage of your voting rights or number of securities 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.
- return both forms together.

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 lodge 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.

Corporate Representatives

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 in accordance with the Notice of Meeting. A form of the certificate may be obtained from the company's security registry.

Lodgement of a Proxy Form

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) on Tuesday, 17 November 2009, 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 mail:

Goodman Fielder Limited
C/- Link Market Services Limited
Locked Bag A14
Sydney South NSW 1235
Australia



by fax:

+61 2 9287 0309



online:

ONLINE

www.linkmarketservices.com.au

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);



by hand:

delivering it to Link Market Services Limited, Level 12, 680 George Street, Sydney NSW 2000.

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.

GOODMAN FIELDER 2009 FINAL DIVIDEND

We remind shareholders that a final dividend of 6.0 cents per share is payable on 29 October 2009 to shareholders of record on 7 October 2009.

The Company's Dividend Reinvestment Plan will apply to the 2009 final dividend. Shares will be allotted under the DRP at a 2% discount to the average of the daily volume weighted average sales price of the Company's shares traded on the ASX on each of the 10 consecutive trading days from and including the third trading day (12 October 2009) after the dividend record date.

FOCUS ON INNOVATION

Goodman Fielder
Annual Report 08/09



Contents

Overview	2	14. Current assets – Other current assets	85
Our Vision, Mission, Purpose and Value	2	15. Non-current assets – Receivables	85
Financial Highlights	3	16. Non-current assets – Other investments	85
Our History	4	17. Non-current assets – Property, plant and equipment	85
Goodman Fielder Operations	5	18. Non-current assets – Deferred tax assets	86
Focus on Innovation	6	19. Non-current assets – Intangible assets	87
The Year in Review	8	20. Non-current assets – Other non-current assets	89
Fresh Baking	12	21. Superannuation Plans	90
Home Ingredients	13	22. Current liabilities – Trade and other payables	90
Commercial	14	23. Current liabilities – Borrowings	91
Fresh Dairy and Meats	15	24. Current liabilities – Other financial liabilities	91
Asia Pacific	16	25. Current liabilities – Provisions	92
Board of Directors	18	26. Non-current liabilities – Payables	92
Senior Management	19	27. Non-current liabilities – Borrowings	93
Sustainability	20	28. Non-current liabilities – Deferred tax liabilities	94
Corporate Governance Statement	22	29. Non-current liabilities – Provisions	95
Directors' Report	32	30. Contributed equity	96
Remuneration Report	40	31. Reserves and retained profits	97
Independence Declaration	55	32. Dividends	98
Income Statements	56	33. Key management personnel disclosures	100
Balance Sheets	57	34. Remuneration of auditors	104
Statements of Recognised Income and Expense	58	35. Contingencies	104
Statements of Cash Flows	59	36. Commitments	105
Notes to the Financial Statements	60	37. Related party transactions	106
1. Summary of significant accounting policies	60	38. Business combinations	108
2. Financial risk management	68	39. Subsidiaries	110
3. Accounting judgements, estimates and assumptions	74	40. Deed of cross guarantee	111
4. Segment information	75	41. Jointly controlled entities	113
5. Other income	78	42. Reconciliation of profit after income tax to net cash inflow from operating activities	113
6. Expenses	79	43. Non-cash financing activities	113
7. Income tax expense	80	44. Events occurring after the balance sheet date	114
8. Net tangible asset backing	81	45. Earnings per share	114
9. Current assets – Cash and cash equivalents	81	Directors' Declaration	115
10. Current assets – Trade and other receivables	81	Independent Auditor's Report	116
11. Current assets – Inventories	83	Shareholder Information	118
12. Derivative financial instruments	83	Financial Comparison FY2006–FY2009	120
13. Assets and liabilities classified as held for sale and discontinued operation	84	Company Information	IBC

Goodman Fielder has been part of daily life for a century and generations of Australians and New Zealanders have grown up with our brands in their pantry and kitchen.

During the year Goodman Fielder continued to focus on building for the future by pursuing manufacturing efficiency, optimising its logistics platform and investing heavily in brand support.

INNOVATION ACROSS PRODUCTS AND PROCESSES

We sell our products into two key markets:

1

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).

2

Commercial and 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.

Overview

Goodman Fielder is Australasia's leading listed food company.

The Company has an excellent portfolio of consumer food brands that are household names in Australia, New Zealand and the Pacific Islands. These include Meadow Lea, Praise, White Wings, Edmonds, 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, yogurt, cheese, margarine, flour, dressings, condiments, dips, mayonnaise, frozen pastry, cake mix, biscuits, 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.

The Company has the number one or number two 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, convenience stores and food service customers.

The Company is headquartered in Melbourne and Sydney, employs over 7,000 people at around 90 locations and has operations in eight countries: Australia, New Zealand, Papua New Guinea, Fiji, New Caledonia, Indonesia, the Philippines and China.

Our Vision, Mission, Purpose and Values

Our Vision

In five years we want to be:

- Australasia's leading food company characterised by:
 - a product range of quality, nutritious foods that are used every day
 - an outstanding portfolio of iconic local brands
 - a deep knowledge and intimacy with our customers and consumers
 - most efficient local production assets
 - lowest cost supply chain.
- Supported by outstanding capabilities in:
 - lean manufacturing
 - fresh food logistics
 - brand management and product innovation

Our Mission

Our mission is to meet our customers' needs for superior quality and nutritious everyday foods with brands that are trusted by families everywhere.

Our Purpose

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

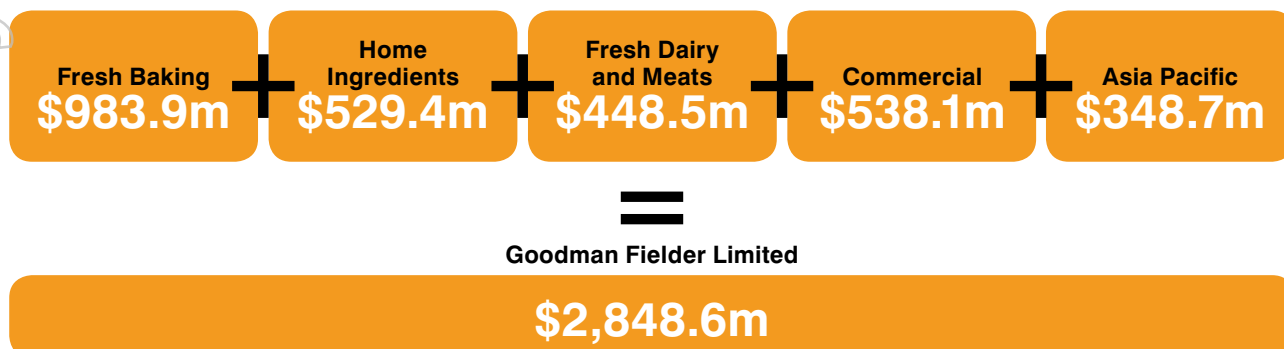
Our Values

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

Financial Highlights

Sales



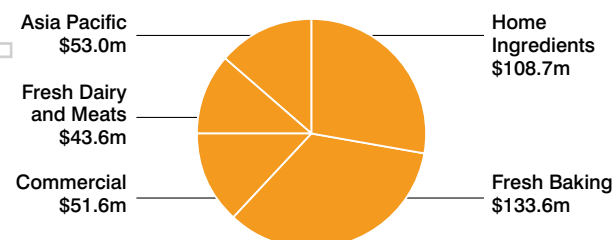
	FY 2009 ⁽¹⁾	FY 2008	Variation
Revenue	\$2,848.6m	\$2,675.4m	6.5%
EBITDA	\$375.0m	\$370.4m	1.2%
Operating cash flow	\$285.1m	\$210.6m	35.4%
NPAT (after outside equity interests)	\$177.1m	\$27.7m	
Cash realisation ⁽²⁾	120%	84%	
EPS	13.3c	2.1c	
Dividend	10.5c	13.5c	
Net debt	\$999m	\$1,043m	

(1) Revenue, EBITDA and EPS reflect continuing and discontinued operations.

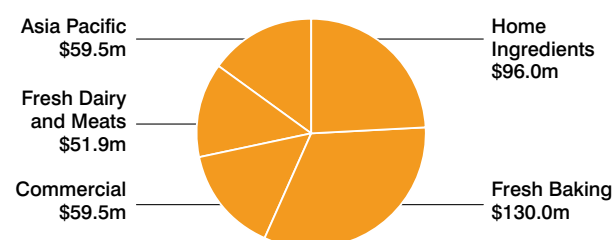
(2) Cash realisation calculated as Operating cash flow divided by (NPAT before outside equity interests plus depreciation).
Excludes impact of FY2008 Fresh Dairy impairment charge of \$170 million.

EBITDA⁽³⁾

Earnings Before Interest, Tax, Depreciation and Amortisation



Free Cash Flow⁽³⁾⁽⁴⁾



(3) Excludes Corporate EBITDA and free cash flow.

(4) Operating cash flow before interest and tax.

Our History

1909	Geo Fielder & Co. Ltd. incorporated in Australia, based in Tamworth NSW.
1951	Geo Fielder & Co. Ltd. becomes public company.
1968	Quality Bakers Co-operative established in New Zealand by Patrick Goodman.
1978	Fielder Gillespie Ltd formed after merger with Gillespie Bros Holdings Ltd.
1979	Quality Bakers changes name to Goodman Group Ltd.
1983	Fielder Gillespie Davis Ltd formed after merger with Davis Consolidated Industries Ltd.
1986	Goodman Fielder Ltd established with merger of Goodman Group Ltd (New Zealand) and Allied Mills Ltd.
1987	Acquisition of Wattie Industries Ltd (New Zealand); name changed to Goodman Fielder Wattie Ltd.
1991	Acquisition of Riga Bakery, Meadowbank.
1992	Name changed to Goodman Fielder Ltd following divestment of Wattie Foods Ltd to H J Heinz. Acquisition of Wessanen Med Baking. Acquisition of The Uncle Tobys Company.
1993	Divestment of Goodman Fielder Asia retail operations in Singapore.
1995	Divestment of 64% holding in Goodman Fielder Asia.
1996	New Zealand milling and baking operations consolidated into Milling and Baking Australasia. Bluebird Foods (New Zealand) and Uncle Tobys joined to form Cereals and Snacks division. Goodman Fielder International formed.
1997	Divestment of European milling and baking business Meneba N.V. Acquisition of Defiance Food Industries in New Zealand. Acquisition of Burns Philp Consumer Foods Division. Acquisition of outstanding 50% of Taiwanese joint venture, Goody Foods.
1998	Acquisition of the edible gelatin operations of Hormel Foods Corporation. Acquisition of outstanding two-thirds of Aspak Foods Limited in New Zealand.
1999	Acquisition of 90% interest in Shanghai van Den Bergh Co. Ltd, an edible oils business in China. Divestment of Steggles Limited, a poultry business, to Bartter Pty Ltd. Divestment of Vetta Pasta to Greens Foods Limited. Acquisition of Ernest Adams Limited, the largest baked goods business in New Zealand.

2000	Divestment of Empire Foods Christchurch, New Zealand.
2001	Divestment of Starch Australasia. Divestment of Leiner Davis, an ingredients business.
2002	Divestment of the Australian milling business to Allied Mills Limited.
2003	Divestment of remaining ingredients sites. Goodman Fielder Limited is acquired by Burns, Philp & Company Limited.
2004	Acquisition of Natures Oven Limited, a snacks business in New Zealand.
2005	Acquisition of La Famiglia Fine Foods Pty Limited, a frozen and chilled bread business. Acquisition of Hansells (NZ) Limited's snacks business in New Zealand. Initial Public Offering of shares in Goodman Fielder Limited on ASX and NZX. Burns, Philp & Company Limited retains The Uncle Tobys Company and Bluebird Foods businesses. Acquisition of New Zealand Dairy Foods Holdings Limited, a dairy and smallgoods business in New Zealand.
2006	Acquisition of the Country Life and Moores Bakery health bread businesses. Acquisition of Northern Bakeries bakery business in New Zealand.
2007	Acquisition of La Biscuitière, a snacks business in New Caledonia. Divestment of SICA stockfeed business in New Caledonia. Acquisition of the Copperpot, Attiki and Palmyra dips, yogurts and pâté business. Acquisition of the River Mill Bakeries and Canterbury Flour Mills businesses in New Zealand. Divestment of the PIC New Zealand Limited piggeries and genetics business. Acquisition of IDP (Mainland) Limited's dairy business in New Zealand.
2008	Acquisition of Paradise Foods, a biscuit manufacturer. Divestment of Frosty Boy dairy ice-cream business in New Zealand.
2009	Goodman Fielder celebrates its Centenary year. Divestment of DYC and Diamond brands in New Zealand.

Goodman Fielder Operations



Focus on Innovation

Innovation is integral to Goodman Fielder's long-term market success.

At Goodman Fielder, innovation is about identifying the big value creation opportunities, selecting the winners and making them work.

Although 'innovation' is often defined as new product or packaging, innovation in our Company is broader than this. Innovation in Goodman Fielder also encompasses new ways of conducting business, new manufacturing and management processes, internal capability improvement, cost reductions, and providing better service to our customers.

At the heart of our innovation success is our culture, which gives people the autonomy to think differently and empowers them to deliver. Throughout the commentary in this report, you will find reference to recent examples of innovation.

As Australasia's leading listed food manufacturing and marketing company, Goodman Fielder makes new product development a core focus. We compete against some of the world's largest food companies, so we know that we must constantly renew and refine our product offerings to consumers to stay in front.

According to one survey, the majority of households satisfy their grocery shopping needs with just 180 different products or brands. In an average supermarket there are probably more than 10,000 products to choose from. So standing out from the crowd is a difficult but critical task.

For consumers, tastes and habits never stand still. There is always a desire for new experiences and tastes. Even in tough economic times, the appetite for trying out new products is still strong.

If we don't continue to make categories interesting, our consumers will get bored. They will buy less of what they are already buying or switch to another product.

So how do we go about developing a new product? Perhaps surprisingly, new product development is more science than art, with quantified feedback from consumers being the basis for our decisions at most stages throughout the development of a new product.

Consumer insights and behavioural data are first gathered, so that new products are based on more than just anecdotes or personal experiences. These insights can come from many places – overseas markets, similar product categories, retailers, market observations, and how consumers behave in stores.

This information is then fed into an ideas development session, which can produce up to 150 new concepts in a day. From there, a shortlist is generated to allow the best ideas to be further explored. This initial list is determined by a Goodman Fielder team that includes or excludes ideas based on a set of strict criteria, and considers elements such as how unique the idea is, how big it could be, and how the idea fits with our brand.

Then the ideas are tested, with consumers using the internet for the first round of testing. Batches of 35 ideas are sent to 300 to 400 consumers for feedback. They tell us what they think by ranking an idea's uniqueness and interest. Around eight to ten of the highest scoring ideas are selected to move through to a second round of online research.

In this stage further detail about the idea is fleshed out, with branding concepts and potential packaging developed. Here we get a lot more detailed feedback, with consumers providing information about roughly what price they would pay for the product and commenting on the types of marketing messages that would be most relevant to them.

The process to this point takes about three months, but the release of a new product is still some time off.

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However there may be some ideas that are clearly unique, differentiated, have potential mass appeal and perhaps would create a new market segment. These ideas have to be fast tracked. This entails putting dedicated resources towards the project, and, at certain stages, possibly making judgements without the benefit of research. The target is to halve the time of the next steps of the process.

So, usually we would have narrowed the list down to three to five concepts. Now significant internal resources are allocated to these projects, with the ideas going into a rigorous 'Stage and Gate' process.

This has four parts:

- Opportunity assessment
- Business case development
- Approval to launch
- Post-launch review.

This approach demands ever more detailed information as projects progress through. This data covers all aspects of a potential launch: consumer acceptance, financial feasibility, manufacturing and supply chain requirements, the launch marketing plan, sales and distribution plan and targets.

Although the leadership and overall management of a new product launch sits in our Marketing function, as a project enters 'Stage and Gate', every function of a business is intimately involved.

From the consumer side, there are likely to be two further stages of research. The first involves discussions with smaller groups of consumers to refine the most relevant product positioning. How exactly do we talk about the product's qualities? What is the most motivating way to describe the benefits to consumers? What is the best packaging design?

Once all these refinements have been made, several hundred mocked-up products are developed and put into the last stage of research, The In-Home Placement.

This involves giving consumers the product to take home and try. These trials provide the critical test, and give the data on a go/no go launch decision. Information on acceptability, price, volumes and marketing expenditure is gathered here, with statistical models then used to look at different launch approaches. It's then time to launch!

Information about how the new product is being accepted by consumers after the launch comes in quickly, almost instantaneously, particularly in our Baking division. For example, with Australian and New Zealand consumers buying a combined average of 3.9 loaves of bread a week, and Goodman Fielder selling six million loaves a week, there is ample opportunity to be tempted by new products. Within two to three weeks, consumer awareness of new products can be measured. A couple of weeks later information is available about how consumers go about considering the purchase of the product, the rate at which consumers are trying the product, and, most importantly, how often they are making repeat purchases.

In summary, innovation is always at the top of the agenda at Goodman Fielder. We are thinking two to three years out and the new product development process is continual, with a pipeline of projects at different stages of development. Innovation is a business critical process and, with targets of up to 30% of revenue to come from new products in three years, this is rightly so.



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The Year in Review

Goodman Fielder Limited has delivered a solid result for the year ended 30 June 2009, with increased revenue and net profit after tax, and record operating cash flow.

Revenue increased strongly by 6.5% over the prior year to \$2,848.6 million while net profit after tax rose to \$177.1 million, up from \$27.7 million on a reported basis in FY2008.

Earnings before interest, tax, depreciation, amortisation and impairment also rose, from \$370.4 million in the prior year to \$375.0 million.

The result was achieved despite the continuation of record high agricultural commodity costs throughout most of the period and a significant reduction in consumer confidence as a consequence of the global financial crisis.

The Company successfully weathered the effects of the last three years of high agricultural commodity pricing. Input costs began reducing towards the end of the year and the Company was able to improve gross margins and exit the year in a strong position.

Operating cash flow rose by 35.4%, or \$74.5 million, to a record \$285.1 million this year.

The ability to generate strong operating cash flow is an inherent feature of Goodman Fielder's business model. The Company's core business of manufacturing, marketing and selling daily fresh everyday foods generates a strong and steady flow of cash which the Company manages carefully to support reinvestment in the business and to maintain a high dividend payout ratio.

The Company has maintained its focus on debtor and inventory management and overall working capital minimisation, resulting in a cash realisation ratio of 120%, up from 84% in the prior year. Working capital has reduced by 23.8% over the period from \$209.7 million at 30 June 2008 to \$159.7 million at 30 June 2009.

Significant items in the result include the profit on sale of two small non-core brands in New Zealand and the profit from the sale of several manufacturing sites under the Company's sale and lease-back program, offset by some restructuring costs. The net benefit to the Company was \$10.6 million (pre-tax).

Finance

The Company continues to maintain a conservative balance sheet with net debt reducing to \$999 million as at 30 June and a gearing ratio (net debt to EBITDA) of 2.67 times and debt to (debt+equity ⁽¹⁾) of 28.9%.

During the year the Company successfully negotiated two new bilateral revolving A\$100 million loan facilities. These committed facilities provide A\$150 million of one-year funding and A\$50 million of three-year funding. They replace a A\$120 million tranche of the Company's syndicated debt facility which expired in April 2009. The Company has commenced the process of replacing a A\$700 million syndicated facility which is due to expire in November 2010.

Strategic Focus

In May 2009, the Company announced that it was shifting its strategic direction and increasing its focus on the manufacturing and marketing of branded everyday foods, and that, as a consequence of that decision, it would be exploring options for the divestment of its Commercial edible fats and oils business.

Goodman Fielder believes that strong brands provide an effective insulation against commodity cost volatility and economic uncertainty, and that innovation and marketing support are critical to maintaining and enhancing the strength of its brands.

Going forward, the Company will focus on strengthening its current portfolio of core brands through enhanced product innovation, robust brand support and targeted acquisitions. It will consolidate its portfolio based on sustainable market positions and look to divest non-core brands.

The Company is continuing to consider the potential divestment of its Commercial edible fats and oils business, with a decision on the future of the business to be made later in the first half of FY2010.

(1) Equity is grossed up to remove the impact of reverse acquisition accounting (\$842.3 million).

Commodity Costs

Record-high and rapidly increasing agricultural commodity costs have been a feature of the Company's business environment for the past three years and these conditions continued throughout the greater part of the year.

The severity of the situation ameliorated during the second half as international commodity pricing began to retreat from record-high levels, although significant volatility has continued in the edible fats and oils sector.

By the end of the period, the Company was beginning to realise the benefits of the reduction in commodity pricing, particularly as higher cost inventory levels were progressively cleared. Higher commodity prices added \$116 million to the Company's cost base during the period, following a \$235 million increase in the prior year.

Economic Conditions

The global financial crisis has created challenging business conditions around the world and Goodman Fielder was not immune to this very difficult trading environment.

A severe recessionary environment has existed in New Zealand since the beginning of calendar year 2008 and extended through the current period. This, plus the continuing tight economic conditions in Australia, has made trading conditions difficult during the year. Depressed consumer confidence resulted in an industry-wide trend of consumers trading down to cheaper alternatives and, as a result, the Company's market shares were impacted in both the bread and dairy categories.

However, the Company's ongoing commitment to developing new and innovative consumer products and product packaging allied with a heavy investment in brand support, is countering this trend. At the end of the period, branded baking market shares in Australia had returned to historical high levels, while in New Zealand it appeared that the decline had been arrested and that the Company's market shares were recovering.

Research and Development

In the previous financial year, the Company embarked on an accelerated research and development program which has already returned results with the successful launches of a number of new products. Lawson's premium bread is now available nationally and has established a commanding market share in its segment. Among a number of other innovations introduced during the period were a new seeded variant of Helga's bread, which was launched into the NSW market and which will be rolled out nationally in the first half of FY2010, and the reformulation and repackaging of the Country Life health bread range.

A new research and development facility will be commissioned in the first half of FY2010. Located in the Company's new head office complex in North Ryde, NSW, the new state-of-the-art culinary centre will be an integral part of Goodman Fielder's ongoing new product research effort.

In the prior year, the Company also launched a new innovative oil supply solution for the food service sector that streamlines the delivery and collection of cooking oils and provides a unique supply management solution to customers. 'Oilstream' was initially introduced into Brisbane and was extended into the Melbourne market during the year. It will be taken into the Sydney market in FY2010.

During the period, the Company invested over \$40 million in research and development and is anticipating expenditure at a similar level in FY2010 and beyond.

Manufacturing Efficiency

The pursuit of internal cost savings continued during the year, with increased efficiency being achieved in many parts of the business. The Company has continued to focus on building for the future by pursuing manufacturing efficiency and optimising its logistics platform. A redundant bakery plant at Palmerston North in New Zealand was shut down during the period and the progressive closure of the oils processing facility at Mascot in NSW is proceeding to plan. Restructuring costs during the period amounted to \$10.7 million.

Construction of a new state-of-the-art packaged food manufacturing plant at Erskine Park in Western Sydney has been completed and fitting out is proceeding with the plant on schedule for commissioning before Christmas.

The Company is also progressing the development of a new chilled baking facility, which will deliver lowest cost product capability and allow the retirement of the less efficient La Famiglia plant. This project has been slowed while further scoping work is carried out, along with a re-evaluation of the timing of the project to ensure that the best cost financial outcome is achieved.

Acquisitions and Divestments

Two small non-core brands, Diamond and DYC, were divested in New Zealand for a sale price of NZ \$12 million. As well, five manufacturing sites were sold and leased back as part of the Company's plan to only hold title to assets where it is essential to the ongoing business, thus freeing up capital that can be more effectively employed elsewhere in the business.

The Year in Review continued

Appointments

Subsequent to year end, the Board appointed Chris Froggatt as an independent non-executive Director. Ms Froggatt has a background as a senior executive in human resources and more recently has served on the boards of several significant UK-based companies. She has broad industry experience, including beverages, food, confectionery, retailing, hotels, leisure and logistics. Two new executives joined the Company during the year. Peter Reidie was appointed in July 2008 as Managing Director GF Fresh Dairy and Meats in New Zealand, while Stuart Roberts took up the position of Managing Director GF Commercial in October 2008.

Subsequent to year end, Gordon Hardie, Managing Director of the Company's Fresh Baking division, left the Company to pursue other career opportunities.

Information Technology

A major development during the period was the bringing in-house of the management of the Company's IT infrastructure. The move away from the previously outsourced arrangement has resulted in significant cost savings and increased efficiency. The Company also moved its IT infrastructure equipment to new data centres in Sydney and Auckland, which has improved disaster recovery capability. Further development of our business-to-business IT trading platform was undertaken during the year, which has extended capability to the extent that the Company is now trading electronically with most key customers.

Safety

The health and safety of our employees is one of Goodman Fielder's core values and we are continually reviewing our safety policies and procedures to enhance the safety culture throughout the Company.

However, it is with great sadness that we report that a valued employee lost his life in a tragic workplace accident at our flour mill in Lae, PNG. Immediately following the accident a comprehensive investigation was undertaken by both management and the local authorities, and a variety of measures have been undertaken to reduce the risk of a similar accident occurring in future. The Company has provided ongoing support and assistance to the employee's family and co-workers.

A new Safety Management System (SMS) audit tool designed to help improve the safety performance of our business was rolled out during the year. Goodman Fielder tracks its safety performance by monitoring its Lost Time Injury Frequency Rate (LTIFR) and Significant Injury Frequency Rate (SIFR, which is the number of medical treatment, restricted work and lost time injuries per million employee hours worked).

Our LTIFR for the year was 8.8 and our SIFR was 34.5. Our safety performance has been impacted by the relatively recent acquisition of businesses that have a relatively poor safety history and the continued integration of our newer sites into Goodman Fielder's SMS remains a top priority for FY2010.

Risk

Goodman Fielder's risk management framework sets out the policy, standards and methodologies followed to enable the identification, recording and reporting of risks on a divisional and Group basis.

Detailed risk registers are jointly maintained by divisional management and the corporate risk team. The Executive Risk Committee meets at least three times per year to review risk areas and initiatives on a divisional and Group basis, including strategic business risk. The Corporate Risk Committee reviews risk management reports and then reports to the Board on risk-related matters for the Board's consideration. The Board also receives a monthly report on key risk areas, as well as divisional and Group safety statistics and material safety, health and environmental liabilities and responsibilities.

The Company evaluates the economic balance between self-retention of risks and risk transfer, and has implemented insurance arrangements for risk transfer with international insurers.

Procurement

During the second half of the year, following the establishment of a new position of Group Procurement Director, the Company undertook a review of its procurement structure and procedures to determine the most effective and efficient framework to take the business forward.

As a result, the procurement function has now been centralised and expanded, with a new organisational structure adopted, which includes the purchasing of Direct inputs (including packaging, ingredients and outsourced manufactured products) in addition to its current responsibilities for Commodities and Indirect inputs.

Human Resources

There has been a continuation of the strong focus on building strength in the Company's leadership capability at all levels of the organisation, recognising that leadership strength is critical to achieving positive business outcomes.

Frontline leadership programs in New Zealand have delivered strong practical results and have given employees the opportunity to demonstrate their capabilities and potential for the future.

Considerable work has been undertaken to address issues and establish initiatives in response to the previous year's employee survey. Communication and career development are two areas which were identified as being key to employees feeling engaged with the business, leading to initiatives being developed in both of these areas.

There has been a strong focus on change management, particularly around the establishment of the new site at Erskine Park in Sydney and the integration of the Paradise Foods acquisition in Queensland, the latter requiring the induction of approximately 700 employees.

The Company has continued to maintain a stable employee relations environment during the transition from the previous government's workplace relations structure to the new environment. Communication with employees is central to success in this area.

Sustainability

Climate change poses significant challenges to the global community and to Goodman Fielder's business. The Company's approach to this issue is focused on reducing our impact on the global climate and preparing for the inevitable changes to the regulatory environment.

During the year, Goodman Fielder engaged an accounting firm to assess the carbon intensity of the supply chain of our Fresh Baking businesses in Australia and New Zealand and to quantify the likely carbon impost associated with the emissions trading schemes that are under development in both countries.

The study confirmed that implementing energy efficiency projects at our manufacturing sites represents the greatest opportunity to both minimise the Company's contribution to global greenhouse gas emissions and reduce the expected financial impacts associated with emissions trading, which is consistent with the Company's existing strategy.

For further details on our approach to climate change and other sustainability issues, please refer to the Company's Sustainability Report, available at www.goodmanfielder.com.au.

GF in the Community

During the year, the Company provided assistance to those impacted by the tragic bushfires in Victoria by making direct cash and product donations. Employees were also encouraged to donate and responded by giving generously.

The Company also continued to donate product to charitable organisations such as Foodbank, Australia's largest hunger-relief charity, and to Auckland City Mission and the New Zealand Salvation Army. Foodbank has acknowledged Goodman Fielder's contribution by presenting the Company with a special 'One Million Milestone Award', recognising the Company's donation of more than a million loaves of bread over the last three years.

The Company recently entered into a partnership with the charity Open Family, to provide a service to help feed the homeless in south-western Sydney. This will see nutritious evening meals being provided from a specially equipped bus to the homeless in the area. Basic medical and drug and alcohol counselling services will also be provided by a nurse and a counsellor from a support bus. The service is scheduled to commence in November 2009.

Goodman Fielder has also introduced a Chairman's Award for Community Service, an annual award that will recognise the employee who is judged to have made the most significant and sustained voluntary contribution to their own local community in terms of their time, expertise or other commitment.

Centenary

This year Goodman Fielder celebrated 100 years in business since the original flour milling company, Geo Fielder and Company Limited, was incorporated on 27 March 1909 in Tamworth, northern New South Wales.

Since being founded, the Company has gone through many variations as it has acquired and divested businesses and merged with other companies and, over the last century, the Company has grown from its initial single flour mill in regional New South Wales to what it is today – Australasia's leading listed food company.

New Corporate Head Office

During the year, the Company committed to moving its head office functions, housed in old premises in Macquarie Park and Sydney, into a new building a short distance away in North Ryde. The building will provide a modern, flexible and functional work environment, with the move completed in early September.

Dividend

Directors announced a final dividend of 6.0 cents per share, bringing the full year dividend to 10.5 cents per share, and representing a dividend payout ratio of 79.6%. The final dividend is payable on 29 October 2009. The record date is 7 October 2009.

Dividend Reinvestment Plan

Directors have approved the continuation of the Company's Dividend Reinvestment Plan for the 2009 final dividend. The Plan provides shareholders with the opportunity to reinvest some or all of their dividends in Goodman Fielder shares without incurring brokerage or other transaction costs.

Shares will be allotted under the DRP at a 2% discount to the average of the daily volume weighted average sales price of the Company's shares traded on the ASX on each of the 10 consecutive trading days from and including the third trading day (12 October 2009) after the dividend record date.

Election notices to participate in the DRP must be received by the Company's share registry by 5.00pm Sydney time on 7 October 2009 to be effective for the final dividend. The DRP will be underwritten to 50%.

Outlook

The outlook for FY2010 is encouraging. The Company expects to see efficiency gains resulting from its capital expenditure program and plant rationalisations begin to flow through, underpinned by its strengthened focus on branded everyday foods. The Company will continue to focus on maximising operating cash flow to ensure that it remains in a position to maintain its high dividend payout ratio and to reinvest in the business.

Fresh Baking

	FY2009	FY2008	Variation
Sales	\$983.9m	\$995.1m	(1.1%)
EBITDA	\$133.6m	\$142.5m	(6.2%)
EBITDA margin	13.6%	14.3%	
Free cash flow	\$130.0m	\$141.5m	(8.1%)

The GF Fresh Baking division is one the largest bakers in Australasia, with a portfolio of brands that are household names in Australia and New Zealand. The business has leading market shares in most of the market segments in which it competes.

The Fresh Baking business experienced difficult conditions over much of the year. For a greater part of the period the business was adversely impacted by the effects of the global financial crisis combined with record-high agricultural commodity pricing. The severe economic conditions created a lessening of consumer confidence and this resulted in consumers tending to trade down to cheaper alternatives, such as private label offerings, putting pressure on the business's market shares.

The business also had to contend with the impact of increased input costs over most of the period resulting from high agricultural commodity pricing. These impacts softened in the latter part of the year as input pricing retreated.

The business responded strongly to these challenges by enticing consumers with new product offerings, robust market support of key brands and through active cost recovery in the market. By year end the Company had re-established its Australian market value share at historical levels around 37%. In New Zealand, where the economy is still in a protracted recession, market shares have been harder to rebuild although, by the end of the period, it appeared that the decline had been arrested.

In the previous financial year, the Company embarked on an accelerated research and development program, which has already returned results with the successful launches of a number of new products. For example, Lawson's premium bread is now available nationally and has established a commanding market share in its segment.

Among a number of other innovations introduced during the period were a new Helga's value-added variant, 'Seed Sensations', which was launched into the New South Wales market and which will be rolled out nationally in the first half of FY2010, and the reformulation and repackaging of the Country Life health bread range.

In New Zealand, a new artisan par-baked frozen product was launched under the Freya's brand. This product is purchased by consumers in a partly baked state with the final baking stage completed in the home, providing freshly baked bread with no preparation. The strong McKenzie's bread brand was extended into new pie and hot cross bun varieties.

The Company's La Famiglia chilled bread business grew strongly during the year, with significant sales growth as a result of an increased marketing effort. The business also successfully retained three supermarket private label bread supply contracts during the period.

The ongoing pursuit of manufacturing efficiency and the optimisation of its logistics platform were key priorities during the year. The business has implemented a Six Sigma manufacturing improvement process. Six Sigma is a lean manufacturing methodology integrating change management, structured problem solving and project management. Forty-four Black Belts, full-time team leaders of Six Sigma projects, were trained during the year.

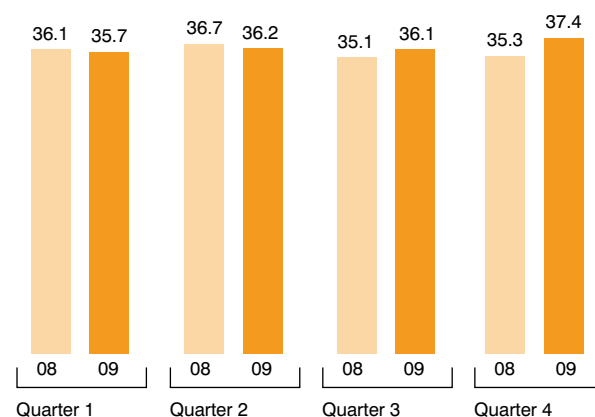
The restructure of the business's linehaul operations was completed during the year, with linehaul in New South Wales outsourced to a specialist third party provider and the streamlining of the Western Australian and Queensland networks.

A redundant bakery plant at Palmerston North in New Zealand was closed during the period and the Company continues to progress the development of a new fresh and chilled baking facility. The project has been slowed while further scoping work is carried out along with a re-evaluation of the timing of the project to ensure that the best cost financial outcome is achieved.

Market Share

Australia – Fresh Baking Value Share (%)

Source: Aztec



Home Ingredients

	FY2009	FY2008	Variation
Sales	\$529.4m	\$424.6m	24.7%
EBITDA	\$108.7m	\$101.8m	6.8%
EBITDA margin	20.5%	24.0%	
Free cash flow	\$96.0m	\$94.9m	1.2%

Our Home Ingredients division posted a 24.7% increase in sales revenue for the year, driven by the Company's entry into the biscuit market and also by strong category growth resulting from the return of consumers to 'in-home' cooking.

The biscuits business, acquired in the prior year, has now been fully integrated and is performing to expectations. Subsequent to year end, the Company's biscuit range has been repackaged and relaunched, with a new savoury biscuit product being added to the offering under the Veri Deli brand.

The cost base of the business was adversely affected by high commodity pricing and absorbed \$30 million in increased costs during the year. Two small non-core New Zealand businesses, DYC and Diamond, were divested.

The business launched several new products during the year as a result of its strong product development program and has maintained targeted support of key brands. Consequently the business increased or maintained

market share in all major categories, despite private label and commodity cost pressures. As an example, the Company is now a clear leader in the retail salad dressings and mayonnaise category.

In New Zealand, the business continued its focus on restrengthening the iconic Edmonds brand with the launch of new dressings and mayonnaise during the year.

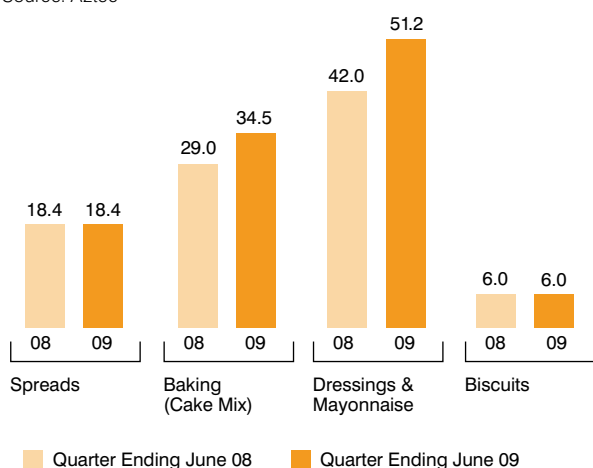
Construction of a new state-of-the-art packaged food manufacturing plant at Erskine Park in Western Sydney has been completed and fitting out is proceeding, with the plant on schedule for commissioning before Christmas.

The plant will put the Home Ingredients business on a firm operational footing, as it will not only increase efficiency and reduce production costs significantly, but will also support future growth and innovation in the liquid grocery sector. As well, it will offer the opportunity for the Company to expand into new areas.

Market Share

Home Ingredients Value Share (%)

Source: Aztec



Commercial

	FY2009	FY2008	Variation
Sales	\$538.1m	\$506.4m	6.3%
EBITDA	\$51.6m	\$61.8m	(16.5%)
EBITDA margin	9.6%	12.2%	
Free cash flow	\$59.5m	\$30.7m	93.8%

The export segment has been reclassified from Commercial to Asia Pacific in FY2009 and comparatives have been restated.

The Commercial fats and oils business experienced continued extreme commodity cost volatility and soft market conditions during the year, which resulted in a loss of sales volume, particularly in the first half of the year. This was exacerbated by a highly competitive trading environment which saw aggressive discounting in the marketplace.

Sales volumes returned to the levels of the prior year in the fourth quarter, driven by strong management corrective action and the clearance of higher cost inventory.

By year end, several new contracts had been finalised and are due to commence in the new financial year, with sales expected to improve further. However, commodity cost volatility persists in this business and will contribute to continuing difficult market conditions.

A highlight of the year was the considerable increase in free cash flow generated by the business and a reduction in working capital by 21%.

Major initiatives included manufacturing efficiency improvements, with the impending closure of the Mascot oils plant and the relocation of manufacturing to West Footscray (Victoria) and Murarrie (Queensland), and improved effectiveness of the Commercial sales and marketing functions.

Towards the end of the period the business launched an innovative loyalty program aimed at end users in the food service channel. Early indications are that the initiative has been well received, with acceptance rates running at twice the budgeted level.

'Oilstream', a joint venture with Transpacific Industries, was introduced into the Melbourne market during the year. Oilstream offers a new innovative oil supply solution for the food service sector that streamlines the delivery and collection of cooking oils and provides a unique supply management solution to the Company's customers. It was initially launched in Brisbane in the prior year and will be taken into the Sydney market in FY2010.

Fresh Dairy and Meats

	FY2009	FY2008	Variation
Sales	\$448.5m	\$469.9m	(4.6%)
EBITDA	\$43.6m	\$42.1m	3.6%
EBITDA margin	9.7%	9.0%	
Free cash flow	\$51.9m	\$47.0m	10.4%

In New Zealand the Company's Fresh Dairy and Meats business performed creditably with an increase in EBITDA for the year to \$43.6 million.

The business posted a 39.3% increase in earnings in the second half of the year compared to the first half.

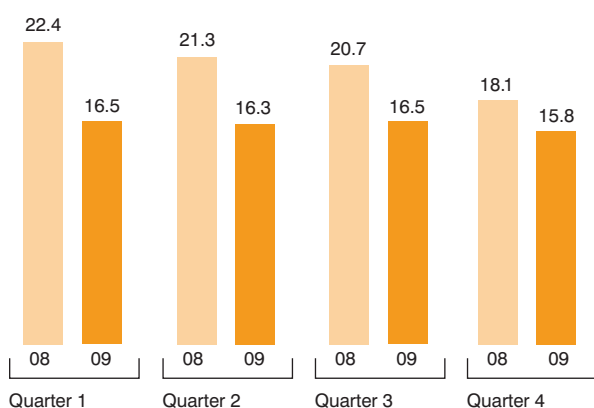
The business had a difficult first half, continuing the trend of the previous year, experiencing high input costs as a result of sustained high commodity costs. In the second half, the business saw the benefits of lower commodity costs and improved margin management, as well as the benefits of various new product and packaging launches.

New dairy products launched in the year were focused on the convenience beverages and yogurt categories. Tararua Real Iced Coffee, a new coffee-based milk drink launched very successfully, as did a long life flavoured milk for children – Calci-Strong. The yogurt category benefited from the launch of a range of kids yogurts. Additionally, the business benefited from a full year's sales of the new one-kilogram yogurt pack and the new Thick and Creamy yogurt range which was launched in the prior year.

Market Share

Fresh White Milk Value Share (%)

Source: Aztec



Towards the end of the year, the Meats business launched a new range of shaved meats in new easy-use, resealable blister packs.

Profit margins increased consistently through the year as the division focused on its branded business and an extensive cost reduction initiative, discontinuing a significant number of products and withdrawing from unprofitable sales arrangements.

The business maintained volumes across most categories despite consumer drift to cheaper alternatives. By year end this drift had been arrested due to strong product innovation and significant advertising support.

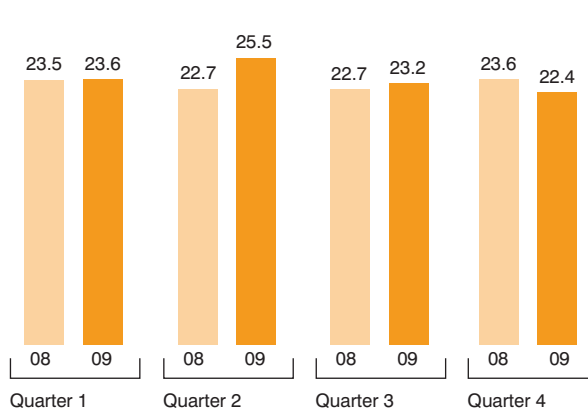
A new and innovative Meadow Fresh advertising campaign was developed, which has been on television subsequent to the end of the year.

A manufacturing and logistics optimisation program has been introduced and is well advanced, with significant improvements made, resulting in enhanced productivity, capability and efficiency. This leaves the business well placed for further profit growth.

Market Share

Yogurts & Chilled Desserts Value Share (%)

Source: Aztec



Asia Pacific

	FY2009	FY2008	Variation
Sales	\$348.7m	\$279.4m	24.8%
EBITDA	\$53.0m	\$40.0m	32.5%
EBITDA margin	15.2%	14.3%	
Free cash flow	\$59.5m	\$21.1m	182.0%

The export segment has been reclassified from Commercial to Asia Pacific in FY2009 and comparatives have been restated.

Our Asia Pacific business has experienced strong growth during the year, with a 24.8% uplift in sales revenue and a 32.5% increase in EBITDA.

These increases resulted from the adoption of an in-country manufacturing model in China, strengthened management capability and strong price recovery of commodity cost increases. Market shares have remained strong across all categories.

The Company's Chinese manufacturing arrangement with local partner President Nisshin saw the commissioning of a new manufacturing plant near Shanghai in China during the year. For over 30 years, Goodman Fielder has exported edible oil products to China, where Pilot is the leading brand. The move to source our range of margarines and shortenings locally in the Chinese market has made a significant positive contribution to the solid result from the Asia Pacific division and the business continues to grow strongly.

The Company now exports UHT milk into Asia from its processing plant in Christchurch and this business has grown strongly over the past year, with a four-fold increase in volumes. The business believes that strong growth will continue through FY2010.

Other sales initiatives included new vitamin-enriched flour introduced into Papua New Guinea, along with Tuckers ice cream from our Fiji plant. New brioche buns were also launched into the New Caledonia market and fresh yogurt into the Hong Kong market.

Subsequent to year end, a new sales office was opened in Singapore and this is now the hub for the Company's South Asia sales development.

The Company's longstanding joint venture in Indonesia with the Sinar Mas Group has returned a strongly improved performance. The business, which refines and packages edible oils, has been the subject of increased management focus and support, and has responded strongly, with further improvement anticipated.

In the Pacific, the Company has also made significant gains in manufacturing efficiency in its Fiji chicken business and its flour operations in Papua New Guinea.

Brands that are trusted by families everywhere



Board of Directors



Max Ould
Chairman and independent
non-executive Director

Peter Margin
Managing Director and
Chief Executive Officer

Clive Hooke
Independent non-executive Director



Ian Johnston
Independent non-executive Director

Hugh Perrett
Independent non-executive Director

Gavin Walker
Independent non-executive Director

Subsequent to year end, the Board appointed Chris Froggatt as an independent non-executive Director. Ms Froggatt has a background as a senior executive in human resources and more recently has served on the boards of several significant UK-based companies. She will hold office until the 2009 Annual General Meeting, at which time she will stand for election by shareholders.

Senior Management



Geoff Erby
Managing Director,
Home Ingredients



Stuart Roberts
Managing Director,
Commercial



Peter Reidie
Managing Director,
Fresh Dairy and Meats



Andrew Hipperson
Managing Director, Asia Pacific



David Goldsmith
Chief Financial Officer



Jonathon West
General Counsel/Company Secretary,
Group Commercial Director



Rob Hilditch
Chief Information Officer



David Clark
Group Human Resources Director



Ian Greenshields
Director Corporate Affairs

Gordon Hardie, Managing Director, Fresh Baking, left the Company in September 2009.
A search has been undertaken to identify a replacement for Mr Hardie.

Sustainability

The Company recognises that the sustainability of its business relies on the wellbeing of its consumers and employees, the success of its customers and suppliers, the support of the community and its shareholders and the health of the environment. A summary of the Company's sustainability activities during the year is provided below and further details are contained in Goodman Fielder's 08/09 Sustainability Report, which is available on the corporate website: www.goodmanfielder.com.au.

Environment

The Company understands that climate change poses serious challenges to the global community. During the year, the Company assessed the carbon intensity of the supply chain for its Fresh Baking business, confirming that energy efficiency is the most effective way to minimise its greenhouse gas emissions. The Company is on schedule to submit its first report under the National Greenhouse and Energy Reporting scheme. Information on the Company's implementation of the federal government's Energy Efficiency Opportunities program and its responses to the Carbon Disclosure Project are on the corporate website: www.goodmanfielder.com.au.

Clean fresh water is a precious natural resource that is an essential ingredient in the Company's food products and a vital component of its manufacturing processes and hygiene procedures. Throughout the year, many of Goodman Fielder's Australian sites continued to participate in water efficiency programs. As a result of such water saving initiatives, Goodman Fielder's West Footscray fats and oils site in Victoria has reduced the amount of water used per tonne of finished product by 32%.

During the year, a specialist waste consultancy was engaged to undertake audits of the Company's major Australian manufacturing sites to determine the composition of the waste sent to landfill and identify opportunities to improve recycling rates. The Company has also developed corporate environmental tools such as template waste training materials, audits, registers and procedures to help its manufacturing sites to develop and maintain effective waste reduction programs.

Information on Goodman Fielder's initiatives to minimise the environmental impacts associated with its packaging material is contained in its National Packaging Covenant Action Plan and Annual Reports, which are available on the corporate website: www.goodmanfielder.com.au.

The Company did not receive any environmental fines and was not prosecuted for any environmental offences during the year.

Community

Goodman Fielder makes cash and planned product donations to a wide range of programs that are designed to improve people's lives. In addition, the Company regularly donates surplus food products to charitable organisations such as Foodbank Australia and Auckland City Mission. The 'at cost' value of these donations in the 2009 financial year was estimated to be in excess of A\$3 million. During the year, Goodman Fielder also established a partnership with the charity Open Family Australia to provide a service that feeds the homeless in south-western Sydney. The Company has committed to a minimum three year agreement with Open Family, with the initial service scheduled to commence in November 2009.

The Company also organises product promotional activities that deliver benefits to the community, including through awards and activities which encourage healthy lifestyle choices. In addition, Goodman Fielder has recently introduced an annual award to be presented to the employee who is judged to have made the most significant and sustained contribution to their own community in terms of volunteering their time, expertise or other commitment.

The Company recognises that the operation of food manufacturing facilities and product distribution networks has the potential to impact members of the local community. Goodman Fielder therefore works with its neighbours and regulators to address issues that arise and aims to implement controls that maintain emissions at or below levels that are acceptable to the community and meet regulatory requirements.

Employment

Goodman Fielder's success is dependent upon the capability and productivity of its people. It is the Company's objective to provide development opportunities which enable employees to broaden and improve their skills, enhance their job and career satisfaction and maximise their individual performance.

The foundations of the Company's employee development program are its Leadership Competency Models, which capture the key components that make someone successful within each of the main functional job families. Goodman Fielder also has a number of Leadership Development Training Programs that are designed to develop the skills, confidence and capabilities that managers require to be successful in the Company.

The Company is dedicated to building and fostering a culture in which diversity is valued and all employees have an equal opportunity to advance and enhance their careers. Uncomfortable or threatening work environments are not tolerated.

Employee Safety and Wellbeing

This year was a difficult one for Goodman Fielder, as a valued employee at its Flour Mill in Lae, PNG, was lost in a workplace accident. A comprehensive investigation was undertaken by both management and the local authorities and divisional management has implemented a variety of measures to reduce the risk of a similar accident occurring in future. The Company has provided ongoing support and assistance to the employee's family and co-workers.

Goodman Fielder is committed to the safety and wellbeing of its employees and contractors and actively strives to foster a safety and health conscious culture throughout the organisation. Goodman Fielder's Safety Management System, with its 27 management standards, forms the foundation of its safety incident and injury prevention program. The Company also has a behaviour-based management program entitled 'Safety The Goodman Fielder Way'. During the year, the Company rolled out its new Safety Management System audit tool, which is designed to help improve the safety performance of the Company.

Goodman Fielder is also committed to assisting employees who have sustained work related injuries or illnesses to return to full and gainful employment as quickly as possible. The Company's injury management program is based upon best practice injury management principles such as early intervention, management support, 'at work' rehabilitation and consultation/collaboration.

The Company implements employee health awareness campaigns to educate, motivate and inspire employees to make choices that positively impact upon their personal health, work productivity and overall quality of life. In addition, the Company offers an Employee Assistance Program, which is a confidential, free counselling service for early intervention into issues that may affect the wellbeing of an employee or their immediate family.

Products, Customers and Consumers

It is the Company's objective to fulfil consumers' needs for foods that are safe, nutritious and delicious. Goodman Fielder therefore operates comprehensive product quality management systems, supported by verification programs that are designed to ensure our products meet or exceed the expectations of our customers and consumers.

The Company's manufacturing sites have externally certified Hazard Analysis and Critical Control Points based Food Safety Programs in place and comply with specific customer quality requirements where applicable. In addition, the Company's Australian bakeries and biscuit manufacturing facility in Brisbane are externally certified to the British Retail Consortium Food Manufacturing global standard for food quality and safety, a program which is also being rolled out across the New Zealand bakeries.

The Company is committed to offering healthy and nutritious product choices, as well as products for consumers with special dietary needs. The Company also educates its employees about the nutrition characteristics of its products, particularly those employees that are in regular contact with customers.

Over the past two years, the Company has focused on strengthening its portfolio of core brands through enhanced product innovation. The Company's accelerated research and development program has already seen the successful launch of a number of new products, including Lawson's premium bread, which is now available nationally and has established a commanding market share in its segment.

Goodman Fielder believes that most consumers prefer foods that are not genetically modified and therefore, wherever possible, it is the Company's preference to use raw materials that are not genetically modified for its retail branded consumer products.

Supply Chain

Goodman Fielder has formal procurement policies and procedures which describe how Goodman Fielder incorporates sustainability into its procurement processes.

There are growing concerns throughout the world about tropical logging of palm oil plantations, particularly in Indonesia, resulting in the destruction of habitat for many species of animals, including orang-utans. Goodman Fielder has been an active member of the Roundtable on Sustainable Palm Oil (RSPO) since 2005 and controls its palm oil supply chain by contracting a dedicated bulk tanker ship to carry palm oil from peninsular Malaysia that has been purchased from suppliers who are members of the RSPO.

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.

Goodman Fielder's corporate governance statement for the year ended 30 June 2009 has been prepared with reference to the Corporate Governance Principles and Recommendations ('Recommendations') issued by the ASX Corporate Governance Council in August 2007 and, except where stated, Goodman Fielder has complied with the ASX Corporate Governance Council's Recommendations and the NZX Corporate Governance Best Practice Code. In adopting these corporate governance practices, the Directors have considered the regulatory requirements and corporate governance 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 Company's corporate governance charters and policies referred to in this Statement 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 and Senior Executives

The role and responsibilities of the Board are formally set out in its charter. The Board charter identifies the functions reserved for the Board and those delegated to senior executives.

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;

- approving the Company's strategic direction, budgets and business plans and monitoring performance against those plans; and
- overseeing the management of Director and executive performance evaluation, remuneration and succession planning.

The Board has delegated to the 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.

Letters of appointment have been provided to all non-executive Directors, covering responsibilities, time commitments, performance evaluation, indemnity and insurance arrangements and induction and development. The responsibilities and terms of employment of the CEO, Chief Financial Officer (CFO) and other senior executives of the Group are also set out in formal contracts of employment.

1.3 Performance Evaluation of Senior Executives

Annual performance objectives are set at the beginning of each financial year for all senior executives of the Group. These performance objectives include both financial and non-financial measures. Performance is reviewed every half year with the executive's manager and a year-end evaluation is conducted to assess performance against the executive's key result areas (KRAs) and the responsibilities and demands of their role. The outcome of the performance review process is reflected in tailored training and development programs and succession planning for each executive, as well as an annual remuneration review. For the year ended 30 June 2009, half-year performance reviews were conducted in January 2009 and annual performance reviews were undertaken in August 2009.

The Remuneration Report on pages 40 to 53 contains further information regarding the process for evaluating the performance of senior executives for the purpose of determining their fixed and variable remuneration.

1.4 Executive Induction Programs

Senior executives are able to attend formal induction programs which provide an overview of the Group, its divisions and brands, and its key policies and processes. Meetings are arranged with other senior executives in the Group to brief the new executive on the Group's businesses, strategic objectives, risk management practices and other information necessary to meet the requirements of their role. Site visits are also arranged to familiarise the executive with the Group's operations and to develop relationships with key manufacturing personnel.

Principle 2: Structure the Board to Add Value

2.1 Composition of the Board

The Board charter sets out the composition of the Board and its Committees, the responsibilities of Directors and relevant criteria for assessing the independence of Directors.

The Board comprised five non-executive Directors and one executive Director for the year ended 30 June 2009. Details of Board members, including their skills, experience, qualifications and term in office, are set out on pages 32 and 33.

On 21 August 2009, the Company announced the appointment of Ms Chris Froggatt as a non-executive Director of the Company, effective from 27 August 2009. Ms Froggatt has over 20 years' senior executive experience as a human resources specialist in leading international companies including Brambles Industries plc and Brambles Industries Limited, Whitbread Group plc, Diageo plc, Mars Inc and Unilever NV. More recently she has served on the boards of Britvic plc and Sports Direct International plc and as an independent trustee director of Berkeley Square Pension Trustee Company Limited. Ms Froggatt is currently a non-executive director on the board of the Australian Chamber Orchestra. She will stand for election by shareholders at the 2009 Annual General Meeting.

2.2 Board Access to Information and Independent Advice

The Board charter expressly acknowledges the importance of Director access to independent professional advice to facilitate the exercise of independent judgment on matters arising in connection with their duties. 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.

2.3 Independence of Directors

The Board charter adopts the criteria set out in the Recommendations as a guide 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.

Having regard to these criteria, the Board has determined that all Directors of the Company other than Mr Margin, the CEO, were independent during the financial year ended 30 June 2009.

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 not participate in discussions or vote on any resolution relating to the matter.

2.4 Chairman

Mr Max Ould, an independent non-executive Director, has held the position of Chairman of the Board since 31 August 2006. While Mr Ould is also a non-executive Director of three other listed companies, the other Directors of Goodman Fielder are comfortable that his responsibilities as a Director of Foster's Group Limited, AGL Energy Limited and Pacific Brands Limited do not detract from his effective performance as Chairman of the Board.

The roles of CEO of the Company and Chairman of the Board are separate and the CEO cannot become the Chairman of the Board during his 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 Processes

The Board holds at least 12 scheduled meetings a year, and other meetings are called as necessary to address any specific matters that may arise. A full-day Board meeting is held at least every second month (in conjunction with meetings of the Board Committees), and will generally include a site visit and a detailed review of one of the business divisions. Board teleconferences are held during the other months, with the Directors receiving comprehensive monthly reports from the CEO, CFO and Group General Counsel and Company Secretary, along with additional briefing papers on matters for the Board's attention.

Details of Directors' attendances at meetings during the 2009 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. The Directors are also provided with an explanation of those proposed activities of the Group which require Board approval.

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.

Corporate Governance Statement continued

2.6 Board Committees

The Board has established four 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 is regularly reviewed and updated as necessary. The Charters of each of the Board Committees are available on the Company website.

Membership of the Board Committees is set out below.

	Audit Committee	Corporate Risk Committee	Nomination Committee	Remuneration Committee
Independent non-executive Directors	Clive Hooke* Gavin Walker Ian Johnston	Gavin Walker* Clive Hooke Hugh Perrett	Max Ould* Hugh Perrett	Hugh Perrett* Max Ould Ian Johnston

* Committee Chairman

Details of Directors' attendance at each Committee meeting during the 2009 financial year are set out on page 34. All Directors receive copies of Committee papers and non-executive Directors who are not Committee members may attend Committee meetings by standing invitation.

Chris Froggatt, who has been appointed a non-executive Director of the Company effective from 27 August 2009, has also been appointed a member of the Corporate Risk Committee and Remuneration Committee.

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, subject to prior consultation with the Chairman of the Committee.

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.

2.7 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 composition of the Board is assessed by the 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 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, and a policy and procedure for the selection and appointment of new Directors to the Board.

Composition

The current members of the Nomination Committee are Max Ould (Chairman) and Hugh Perrett, both independent non-executive Directors. The Board may appoint additional non-executive Directors to the Committee or remove and replace members of the Committee by resolution.

Meetings of the Nomination Committee

The Committee charter provides that the Committee will meet at least once each calendar year on a formal basis and additionally as circumstances may require. Although no formal meetings were held during the year, all Directors met informally on a number of occasions in connection with the selection and appointment of new Directors and the Board's performance evaluation process.

2.8 Board Performance Evaluation

The Nomination Committee is responsible for arranging performance evaluations of the Board, its Committees and individual Directors. A formal performance evaluation was conducted between May and July 2009 in relation to the 2009 financial year and involved a variety of processes, including Director self-assessment and peer review and assessment of the collective performance of the Board by Directors and key senior executives. As part of the review process, Directors are also asked to assess the Board's current and future resource requirements. The Chairman reviewed the results of the evaluation with the Board, Committee Chairs and each Director and performance objectives established for the 2010 financial year have been documented, along with action plans developed under the guidance of the Nomination Committee to assist in achievement of these goals.

2.9 Retirement and Re-election of Directors

The Nomination Committee considers and recommends to the Board candidates for election and re-election as Directors. The Company's Constitution requires that non-executive Directors appointed by the Board during the year must offer themselves for election by shareholders at the next Annual General Meeting of the Company. In addition, a non-executive Director may not serve without seeking re-election beyond the third Annual General Meeting following the meeting at which the Director was last elected or re-elected. While the Company's Constitution was amended at its 2008 Annual General Meeting to remove its former requirement that at least two Directors of the Company retire each year, the Board remains comfortable that existing three-year Director rotation requirements under the Constitution and ASX Listing Rules are sufficient to ensure that the Board remains dynamic but maintains a suitable mix of Director skills and experience.

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.

2.10 Director Education

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

Principle 3: Promote Ethical and Responsible Decision-Making

3.1 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 Group General Counsel and Company Secretary without fear of retribution.

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 also maintains 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. The Company has also established a conflicts of interest register enabling employees to record any interests they have which might conflict with their obligations and duties to the Group.

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

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) which applies only to Directors and senior management. 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.

3.3 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 38.

Directors and employees of the Group are bound by Goodman Fielder's policy on dealing in the securities of the Company. 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 or at the discretion of the Board.

Corporate Governance Statement continued

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 obtain approval from the CEO before dealing in Goodman Fielder securities.

Principle 4: Safeguard Integrity in Financial Reporting

4.1 Audit 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 has a formal charter approved by the Board. 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 and a policy has been adopted for the selection and appointment of the external auditor and for rotation of external audit partners.

4.2 Composition

The current members of the Audit Committee are Clive Hooke (Chairman), Gavin Walker, and Ian Johnston, all of whom are independent non-executive Directors.

The charter provides for the Committee to 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 Recommendations. Under the charter a Director may not be both the Chairman of the Committee and the Chairman of the Board.

Mr Hooke, the Chairman of the Audit Committee, is a qualified accountant who has held senior finance positions with a number of significant listed companies. Mr Walker, who is also the Chairman of the Corporate Risk Committee, has had a lengthy career in investment banking and held Chief Executive positions within the Bankers Trust Australasia group between 1986 and 1999. Mr Johnston is a qualified accountant who has over 30 years' experience in the international food and beverage industry, including his current position as Chief Executive Officer of Foster's Group Limited.

4.3 Meetings of the 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 non-executive Directors, with the CEO, CFO, Internal Audit Director and the external auditor, KPMG, attending as required.

The Audit Committee met four times during the year ended 30 June 2009. Details of attendance at meetings of the Audit Committee are set out on page 34 of the Annual Report.

4.4 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, KPMG, was appointed in October 2005. 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. In respect of the year ended 30 June 2009, the Committee met privately with the external auditor on three occasions. 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. 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 Company Secretary is responsible for overseeing and co-ordinating disclosure of information to the ASX and the NZX and, as appropriate, to shareholders.

All announcements provided to the ASX or the NZX are 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, for 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 is committed to promoting effective communication with shareholders and seeks to encourage informed shareholder participation at the Annual General Meeting and shareholder information meetings.

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 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.

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.

Goodman Fielder's Annual Report currently remains one of the principal means of communicating with shareholders, but the Company continues to consider alternative reporting and disclosure processes which will provide clear and effective communication to shareholders about the Company's operations and performance. Goodman Fielder introduced a Shareholder Review for the 2008 financial year to offer shareholders another option for obtaining information about the Company and will issue its first publicly available Sustainability Report prior to the 2009 Annual General Meeting.

6.2 Shareholder Meetings

Shareholders have the opportunity to raise matters at the Annual General Meeting with the members of the Board. The external audit firm partner in charge of the Goodman Fielder audit also attends the Annual General Meeting and is available to answer questions from shareholders on audit-related matters.

In addition to the 2008 Annual General Meeting held in Sydney, the Chairman and CEO conducted two shareholder information meetings in Melbourne and Auckland during the year, to provide shareholders with an overview of the Group's performance, strategy and outlook and allow as many shareholders as possible the opportunity to raise matters of concern or interest with the Directors of the Company. Sydney and Brisbane shareholder meetings also took place in August and September 2009 following the release of the Company's full-year results.

Principle 7: Recognise and Manage Risk

7.1 Risk Management Framework

The Board recognises that the effective management of risk is essential to achieve the Group's objectives of maximising Group performance and creating long-term shareholder value while meeting its commitments to other stakeholders, including its employees, customers and the wider community.

The nature of the Group's business requires the management of a diverse set of risks relating to the Group's operations and its products, including the sustainability of its operations over the short and longer term. With manufacturing and distribution operations throughout the Asia Pacific region and a portfolio of consumer brands in some of Australia and New Zealand's largest grocery categories, management of food safety and nutrition, environmental, occupational health and safety, and commodities risk are among the risk priorities of the Group.

Corporate Governance Statement continued

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 risk management system will preclude all errors and irregularities.

The following risk management framework is currently in place:

Enterprise Risk Management

Goodman Fielder's risk management system is based upon the Joint Australian/New Zealand Standard for risk management AS/NZS 4360:2004. The Board has delegated responsibility to the Corporate Risk Committee to oversee the implementation and ongoing review of the Group's risk management system, including its Enterprise Risk Management Policy and related risk management standards.

The Group's Chief Risk Officer, who reports to the CFO, co-ordinates and facilitates the implementation and maintenance of the risk management system across the organisation, assisted by divisional risk champions. Each division and corporate department has responsibility for managing risks relevant to that business or function, including by developing controls and procedures consistent with the Group's risk management standards which are designed to avoid, mitigate or share risk.

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

Detailed risk registers are jointly maintained by divisional management and the corporate risk team. The Executive Risk Committee meets at least three times per year prior to Corporate Risk Committee meetings to review risk areas and initiatives on a divisional and Group basis, including strategic business risk. The Corporate Risk Committee, which holds scheduled meetings at least three times yearly, reviews risk management reports from the CEO, Chief Risk Officer and divisional and corporate executives (covering, amongst other things, residual risk movements, existing and planned actions for the management of risk and the effectiveness of risk management activities) and the Committee then reports to the Board on those risk-related matters to be brought forward for the Board's consideration. The Board also receives a monthly report from management on key risk areas, as well as divisional and Group safety statistics and significant safety, health and environmental liabilities and responsibilities.

Strategic business risk is considered in establishing and reviewing the strategy and business plans of the brands and businesses, divisions and Group. Risk analysis is conducted in relation to major projects and change initiatives and the Corporate Risk Committee or Board is provided with risk profile reports and status updates in relation to significant projects.

The Group also evaluates the economic balance between self-retention of risks and risk transfer and 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.

As sustainability forms part of, and is integrated into, the Group's risk management framework, the Corporate Risk Committee monitors the Group's sustainability initiatives as part of its overall review of the Group's risk management activities. The Group Sustainability Manager, who reports to the Chief Risk Officer, works with the divisions and corporate departments within Goodman Fielder to progress sustainability initiatives throughout the Group and to implement tools and procedures to better enable the Group to measure, monitor and report on its sustainability performance, based upon the Global Reporting Initiative Sustainability Reporting Guidelines. Goodman Fielder intends to issue its first publicly available Sustainability Report in October 2009, which will provide stakeholders with an overview of Goodman Fielder's sustainability performance for the year ended 30 June 2009 and its action plans for the 2010 financial year.

Financial Risks

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.

A comprehensive Treasury Exposure and Risk Management System has been adopted to manage and monitor the Group's treasury-related risks, including its exposures to foreign currencies and interest rates and the management of its cash flows and liquidity. The Board has also approved a Commodities Policy to manage the financial risks associated with changes in the market prices of wheat, oils, tallow and sugar used in products produced by the Group. The policies and procedures implemented to manage these risks include the establishment of authorisation levels for entry into/approval of transactions, restricting hedging to pre-established limits, timely reporting of compliance with requirements and specific procedures for identifying and rectifying non-compliance.

During the 2009 financial year, the Group's commodities function was restructured and centralised to enhance operating efficiency and better manage operational risks relating to the procurement, hedging and delivery of commodities.

In addition, a number of different strategies were adopted to more closely manage risks related to the Group's working capital and debt funding. The Group maintains a conservative approach to its working capital management and implemented measures across its divisions to improve its cash realisation capabilities. The Group has also commenced the process of replacing its A\$700 million Senior Unsecured Credit Facility which is due to expire in November 2010. Furthermore, the Group will continue the dividend reinvestment plan introduced in February 2009 for the 2009 final dividend, which is expected to retain an additional A\$40 million of capital.

Financial Reporting, Internal Controls and Regulatory Compliance

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

The Audit Committee, in conjunction with the Corporate Risk Committee, reviews the effectiveness and adequacy of internal control processes relating to financial reporting on a regular basis and reports its findings to the Board.

Management assumes primary responsibility for implementing internal controls and for maintaining the organisation's internal control environment. In accordance with the Company's policy, each divisional Managing Director and Finance Director and the head of each corporate department 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 relating to their division or corporate department. Any identified deficiencies in internal controls are followed up and addressed by corporate or divisional management.

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

The Company monitors its internal control system on a continual basis and, where appropriate, enhances internal control processes to improve their effectiveness.

In addition to the assurance activities conducted by the internal audit function, audits and compliance reviews are coordinated by the Chief Risk Officer, with the assistance of independent experts where necessary, to review compliance with legal and regulatory obligations and the Group's policies and procedures and to identify areas for improvement.

7.2 Risk Management Assurance

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

The Board also receives a written statement of assurance from the CEO and the CFO that, to the best of their knowledge and belief:

1. the declaration provided in accordance with section 295A of the Corporations Act 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 effectively in all material respects in relation to financial reporting risks.

These statements regarding the quality and effectiveness of the risk management and internal compliance and control system are supported by confirmations from divisional and corporate executives.

The CEO and CFO also provide a separate representation letter to the Board covering specific areas of Board reliance in relation to the half-year and annual financial reports.

Principle 8: Remunerate Fairly and Responsibly

8.1 Remuneration Committee

The Remuneration Committee has responsibility for reviewing and making recommendations to the Board on the remuneration of non-executive Directors and 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 reviews the performance of all executives who report directly to the CEO as part of their annual remuneration review.

8.2 Composition

The current members of the Remuneration Committee are Hugh Perrett (Chairman), Max Ould and Ian Johnston, all of whom are independent non-executive Directors.

Chris Froggatt, a non-executive Director appointed to the Board effective from 27 August 2009, has also been appointed a member of the Committee.

Corporate Governance Statement continued

The Committee must be composed of a minimum of three Directors, with a majority being independent. 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.

8.3 Meetings of the Remuneration Committee

Its charter provides for the Committee to meet once each calendar year on a formal basis and additionally as circumstances may require. During the 2009 financial year, the Committee met twice. Details of attendance at Committee meetings during the year are set out on page 34.

8.4 Directors' Remuneration

The Remuneration Report sets out the total remuneration of non-executive and executive Directors of the Company. Mr Ould receives a fee for serving as Chairman of the Board but does not receive any additional fees for serving on Board Committees. Each of the other non-executive Directors is entitled to a fee for serving as a Director of the Company and an additional fee for serving on the Audit, Corporate Risk or Remuneration Committees. These fees are inclusive of any compulsory superannuation contributions and any retirement benefits. In general, no additional fees are payable to non-executive Directors for other services performed outside the scope of their ordinary duties as a Director or Committee member.

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. The current aggregate approved in general meeting before the Company's listing is \$1.5 million.

The amount of aggregate remuneration sought to be approved by shareholders and the manner in which it is apportioned amongst non-executive Directors is 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.

8.5 Remuneration Report

The Company's remuneration policy and procedures in respect of senior executives of the Company and Group are discussed in its Remuneration Report for the financial year ended 30 June 2009 which is set out on pages 40 to 53 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. Further information regarding offers made to executives under Goodman Fielder's Performance Share Plan is set out on pages 45 to 47 of the Remuneration Report. Goodman Fielder's policy on dealing in Company securities prohibits executives from dealing in any derivative which limits the economic risk relating to entitlements to shares under the Performance Share Plan.

ASX Corporate Governance Council's Corporate Governance Principles and Recommendations

	Reference	Comply
Principle 1: Lay solid foundations for management and oversight		
1.1 Establish and disclose the functions reserved to the Board and those delegated to senior executives	1.1, 1.2	✓
1.2 Disclose the process for evaluating the performance of senior executives	1.3, Remuneration Report	✓
1.3 Provide the information indicated in the <i>Guide to reporting on Principle 1</i>	website, 1.1 – 1.4	✓
Principle 2: Structure the Board to add value		
2.1 A majority of the Board should be independent Directors	2.3	✓
2.2 The Chair should be an independent Director	2.4	✓
2.3 The roles of Chair and CEO should not be exercised by the same individual	2.4	✓
2.4 The Board should establish a Nomination Committee	2.6, 2.7	✓
2.5 Disclose the process for evaluating the performance of the Board, its Committees and individual Directors	2.8 – 2.10	✓
2.6 Provide the information indicated in <i>Guide to reporting on Principle 2</i>	website, Directors' Report, 2.1 – 2.10	✓
Principle 3: Promote ethical and responsible decision-making		
3.1 Establish a code of conduct and disclose the code or a summary of the code as to the practices necessary to maintain confidence in the Company's integrity, the practices necessary to take into account their legal obligations and the reasonable expectations of their stakeholders, and the responsibility and accountability of individuals for reporting and investigating reports of unethical practices	3.1, 3.2	✓
3.2 Establish and disclose a policy concerning trading in company securities by Directors, senior executives and employees	3.3	✓
3.3 Provide the information indicated in <i>Guide to reporting on Principle 3</i>	website, 3.1 – 3.3	✓
Principle 4: Safeguard integrity in financial reporting		
4.1 The Board should establish an Audit Committee	4.1	✓
4.2 The Audit Committee should be structured to consist only of non-executive Directors, a majority of independent Directors and an independent chair, who is not Chair of the Board, and have at least three members	4.2	✓
4.3 The Audit Committee should have a formal charter	4.1	✓
4.4 Provide the information indicated in the <i>Guide to reporting on Principle 4</i>	website, 4.1 – 4.4	✓
Principle 5: Make timely and balanced disclosure		
5.1 Establish and disclose written policies designed to ensure compliance with ASX Listing Rule disclosure requirements and to ensure accountability at a senior executive level for that compliance	5.1, 5.2	✓
5.2 Provide the information indicated in <i>Guide to reporting on Principle 5</i>	website, 5.1, 5.2	✓
Principle 6: Respect the rights of shareholders		
6.1 Design and disclose a communications policy for promoting effective communication with shareholders and encouraging their participation at general meetings	6.1, 6.2	✓
6.2 Provide the information indicated in the <i>Guide to reporting on Principle 6</i>	website, 6.1, 6.2	✓
Principle 7: Recognise and manage risk		
7.1 Establish policies for the oversight and management of material business risks and disclose a summary of those policies.	7.1	✓
7.2 The Board should require management to design and implement the risk management and internal control system to manage the Company's material business risks and report to it on whether those risks are being managed effectively and disclose that management has reported to it as to the effectiveness of the Company's management of its material business risks	7.1, 7.2	✓
7.3 The Board should disclose whether it has received assurance from the CEO and CFO that the declaration provided in accordance with section 295A of the <i>Corporations Act</i> is founded on a sound system of risk management and internal control which is operating effectively in all material respects in relation to financial reporting risks	7.2	✓
7.4 Provide the information indicated in <i>Guide to reporting on Principle 7</i>	website, 7.1, 7.2	✓
Principle 8: Remunerate fairly and responsibly		
8.1 The Board should establish a Remuneration Committee	8.1	✓
8.2 Clearly distinguish the structure of non-executive Director remuneration from that of executive Directors and senior executives	8.4, Remuneration Report	✓
8.3 Provide the information indicated in the <i>Guide to reporting on Principle 8</i>	website, 8.1 – 8.5	✓

Directors' Report

The Directors present their report, together with the financial report of Goodman Fielder Limited (the Company) and the financial report of the consolidated entity (the Group), for the financial year ended 30 June 2009 and the audit report thereon.

Directors

The Board of Directors of the Company currently consists of six Directors – five independent non-executive Directors and the Managing Director. The names and details of the Directors of the Company holding office during the financial year and until the date of this report are as follows:

Max Ould BEd

Chairman and independent non-executive Director

Age 62

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. 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 other 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 49

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. Mr Margin 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.

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

Clive Hooke FCPA, FAICD

Independent non-executive Director

Age 63

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 Foster's Group Limited) between 1982 and 1991.

Mr Hooke is currently the Chairman of Astra Capital Limited ⁽³⁾ (appointed a Director and Chairman in November 2007) and of Big Brothers – Big Sisters Australia Limited.

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

Ian Johnston BCom, CPA

Independent non-executive Director

Age 62

Experience and Special Responsibilities

Director since 26 May 2008. Member of the Audit Committee (appointed 26 May 2008) and of the Remuneration Committee (appointed 26 May 2008).

Mr Johnston has over 30 years' experience with a number of leading companies in the international food and beverage industry. He initially spent 13 years with Unilever in a range of domestic and overseas marketing roles and then joined Cadbury Schweppes as Marketing and Sales Director, Australia/New Zealand. Mr Johnston was subsequently appointed Managing Director of Cadbury's UK business before becoming Managing Director, Global Confectionery of Cadbury Schweppes plc from 1996 until his retirement in 2000.

He then served as President and Chief Operating Officer of The Olayan Group, a privately owned Saudi Arabian conglomerate.

He is currently Chief Executive Officer of Foster's Group Limited (appointed a Director in September 2007 and Chief Executive Officer in September 2008).

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

Hugh Perrett

Independent non-executive Director

Age 70

Experience and Special Responsibilities

Director since 14 November 2005. Chairman of 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 (N.Z.) 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 other listed companies during the past three years: None.

Gavin Walker BCA, MIoD, MINFINZ, MAICD

Independent non-executive Director

Age 57

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), BT Investment Management Limited (appointed September 2007) and Southern Cross Building Society. 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⁽⁴⁾, Zintel Group Limited, St Lukes Group Limited, the AMP Advisory Board New Zealand and the New Zealand Rugby Union.

Former directorships of other listed companies during the past three years: Veda Advantage Limited⁽⁴⁾, June 2000 to July 2007 and Zintel Group Limited (listed on the NZAX), June 2002 to November 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) Formerly FCPB Investments Limited.

(4) Veda Advantage Limited, an information and analytics company, was de-listed 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.

Directors' Report continued

Company Secretary

Mr Jonathon West LLB (Hons), BSc was appointed to the position of Company Secretary and Group General Counsel on 21 December 2005. Prior to his appointment, he held the position of Corporate Counsel, Operations at Burns, Philp & Company Limited. Mr West was admitted as a legal practitioner in 1991. He has over 17 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:

Name	Board of Directors		Audit Committee ^(b)		Corporate Risk Committee ^(c)		Remuneration Committee ^(d)		Nomination Committee ^(e)	
	Held ^(a)	Attended	Held ^(a)	Attended	Held ^(a)	Attended	Held ^(a)	Attended	Held ^(a)	Attended
M G Ould	14	14	–	–	–	–	2	2	(e)	(e)
P M Margin	14	14	–	–	–	–	–	–	–	–
C A Hooke	14	13	4	4	4	4	–	–	–	–
I D Johnston	14	13	4	3	–	–	2	2	–	–
H E Perrett	14	14	–	–	4	4	2	2	(e)	(e)
G R Walker	14	13	4	4	4	4	–	–	–	–

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

(b) Messrs Ould and Perrett attended all meetings at the invitation of the Audit Committee. Mr Margin attended all meetings at the request of the Committee.

(c) Messrs Johnston and Ould attended two and three meetings, respectively, at the invitation of the Corporate Risk Committee. Mr Margin attended all meetings at the request of the Committee.

(d) Messrs Walker and Hooke attended all meetings at the invitation of the Remuneration Committee. Mr Margin attended all meetings at the request of the Committee but was not present when matters relating to his employment and remuneration were discussed by the Committee.

(e) No formal meetings were held during the year, although the full Board met informally on a number of occasions in connection with the selection and appointment of a new Director and the annual performance evaluation of the Board, Committees and individual Directors.

Principal Activities

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

State of Affairs

On 6 May 2009, the Company announced a shift in strategic direction to focus on strengthening its current portfolio of core brands, through enhanced product innovation, robust brand support and targeted acquisitions, and consolidating its brand portfolio. As part of this shift in direction, the Company announced that it would look to divest its Commercial fats and oils business, subject to acceptable terms, pricing and conditions being offered. The Company is continuing to explore its options for the divestment of the business, with a number of parties expressing interest in the potential acquisition.

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 Company has achieved a solid result for the 2009 financial year, with increased revenue and net profit and record operating cash flow. This was achieved despite depressed consumer confidence and continuing all-time high commodity costs throughout most of the period.

	FY2009	FY2008	Variation
Revenue	\$2,848.6m	\$2,675.4m	+6.5%
EBITDA	\$375.0m	\$370.4m	+1.2%
Operating cash flow	\$285.1m	\$210.6m	+35.4%
NPAT (after outside equity interests)	\$177.1m	\$27.7m	
Cash realisation*	120%	84%	
EPS	13.3c	2.1c	
Dividend	10.5c	13.5c	
Net debt	\$999m	\$1,043m	

* Cash realisation calculated as operating cash flow divided by (NPAT before outside equity interests plus Depreciation). Excludes impact of FY2008 Fresh Dairy impairment charge of \$170m.

Summary

- Revenue increased strongly by 6.5% over the prior year to \$2,848.6 million while net profit after tax (NPAT) rose to \$177.1 million, up from \$27.7 million on a reported basis for the year ended 30 June 2008. Earnings before interest, tax, depreciation and amortisation (EBITDA) also rose, from \$370.4 million in the prior year to \$375.0 million.
- The Company has successfully weathered the effects of the last three years of record high agricultural commodity pricing. Input costs are now reducing and the Company was able to improve gross margins in the second half and exit the year in a strong position.
- Significant items in the result include the profit on sale of two small non-core brands in New Zealand and profit from the sale of several manufacturing sites under the Company's sale and lease-back program, offset by some restructuring costs. The net benefit to the Company was \$10.6 million (pre-tax).
- The ability to generate strong cash flow is an inherent feature of the Company's business model and supports the Company's high dividend payout ratio. Operating cash flow rose by 35.4% or \$74.5 million to a record \$285.1 million this year.
- The Company has maintained its focus on debtor and inventory management and overall working capital minimisation, resulting in a cash realisation ratio of 120%, up from 84% in the prior year.
- Working capital has reduced by 23.8% over the period from \$209.7 million at 30 June 2008 to \$159.7 million at 30 June 2009.
- The Company continues to maintain a conservative balance sheet with net debt reducing to \$999 million as at 30 June 2009 and a gearing ratio (net debt to EBITDA) of 2.67 times and debt to (debt+equity) of 28.9%.

Commentary on the 2009 Financial Year

All commentary refers to the total existing business of the Company, including continuing and discontinued operations.

During the majority of the year operations continued to be impacted by an extended period of substantial and rapid increases in commodity costs. This has been a feature of the Company's business environment for the past three years.

These severe conditions ameliorated during the second half as international commodity pricing began to retreat from record high levels. By the end of the period the Company was beginning to realise the benefits as higher-priced inventory levels were progressively cleared. Commodity price increases added \$116 million to the Company's cost base during the period, following a \$235 million increase in the prior year.

A severe recessionary environment in New Zealand and continuing tight economic conditions in Australia have made trading conditions difficult during the year with depressed consumer confidence resulting in an industry trend down to cheaper alternatives. As a result the Company's branded market shares were adversely impacted in both the bread and dairy categories.

The Company's ongoing focus on new product development and heavy investment in brand support is countering this trend and, at the end of the period, it appeared the decline in New Zealand had been arrested and that the Company's market shares were recovering. In Australia, Fresh Baking branded market shares have returned to historical levels.

During the period the Company invested over \$40 million in research and development and is anticipating expenditure at a similar level for the 2010 financial year and beyond as it maintains its emphasis on new product development.

Directors' Report continued

The Company's Fresh Baking business has successfully retained three supermarket private label bread supply contracts and, following the successful national launch of the Lawson's premium brand, launched a new Helga's value added variant in New South Wales. In New Zealand, a new artisan par-baked frozen product was launched under the Freya's brand.

The Company's Home Ingredients division posted a 25% increase in sales revenue, driven primarily by the Company's entry into the biscuit market. This business, acquired in the prior year, has now been fully integrated and is performing above expectations. The business launched several new products during the year and has increased or maintained market share in all major categories, despite private label and commodity cost pressure.

The Company's Asia Pacific business has experienced strong growth during the year with a 33% increase in EBITDA. This increase resulted from the adoption of an in-country joint venture manufacturing model in China, strong price management, and close attention to cost control.

In New Zealand the Company's Fresh Dairy and Meats business performed creditably with an increase in EBITDA for the year to \$43.6 million. The business had a difficult first half with record high raw milk costs. In the second half however, the business posted a 39.3% increase in earnings over the first half as costs reduced and the benefits of new products and packaging launched in the prior period began to flow through.

The Commercial edible fats and oils business, which the Company is considering divesting, experienced soft market conditions with a resulting loss of sales volume. By year end the improved effectiveness of the Commercial sales and marketing functions and the selling out of higher cost inventory had driven volumes back to the level of the prior year. With several new contracts commencing in the new financial year, sales are anticipated to improve further. Nevertheless commodity cost volatility persists in this business and this will contribute to continuing difficult market conditions.

The pursuit of internal cost savings continued during the year with increased efficiency being achieved in many parts of the Company. The Company has continued to focus on building for the future by pursuing manufacturing efficiency and optimising its logistics platform.

A redundant bakery plant at Palmerston North in New Zealand was shut down during the period and Australian east coast oils manufacturing was relocated from Mascot (New South Wales) to West Footscray (Victoria) and Murarrie (Queensland). The old Mascot plant is due to be closed prior to Christmas 2009.

Construction of a new state-of-the-art packaged food manufacturing plant at Erskine Park in Western Sydney has been completed and fitting out is proceeding with the plant on schedule for commissioning later this calendar year.

Balance Sheet

The Company has preserved its conservative balance sheet with net debt reducing to \$999 million as at 30 June 2009 and a gearing ratio (net debt to EBITDA) of 2.67 times and debt to (debt+equity ⁽¹⁾) of 28.9%.

Operating cash flow rose by 35.4% or \$74.5 million to a record \$285.1 million this year while working capital reduced by 23.8% over the period from \$209.7 million as at 30 June 2008 to \$159.7 million at 30 June 2009. This resulted in a cash realisation ratio of 120%, up from 84% in the prior year.

Finance

During the year the Company successfully negotiated two new bilateral revolving A\$100 million loan facilities. These committed facilities provide A\$150 million of one year funding and A\$50 million of three year funding. They replace a A\$120 million tranche of the Company's syndicated debt facility which expired in April 2009.

The Company has commenced the process of replacing a A\$700 million syndicated facility which is due to expire in November 2010.

Outlook

The outlook for the 2010 financial year is encouraging. The Company expects to see efficiency gains resulting from its capital expenditure program and plant rationalisations begin to flow through, underpinned by its strengthened focus on branded everyday foods. The Company will continue to focus on maximising operating cash flow to ensure that it remains in a position to maintain its high dividend payout ratio and to reinvest in the business.

(1) Equity is grossed up to remove the impact of reverse acquisition accounting (\$842.3m).

Segment Results *

GF Home Ingredients

	FY2009	FY2008	Variation
Sales	\$529.4m	\$424.6m	+24.7%
EBITDA	\$108.7m	\$101.8m	+6.8%
EBITDA margin	20.5%	24.0%	
Free cash flow	\$96.0m	\$94.9m	+1.2%

GF Fresh Baking

	FY2009	FY2008	Variation
Sales	\$983.9m	\$995.1m	(1.1%)
EBITDA	\$133.6m	\$142.5m	(6.2%)
EBITDA margin	13.6%	14.3%	
Free cash flow	\$130.0m	\$141.5m	(8.1%)

GF Commercial **

	FY2009	FY2008	Variation
Sales	\$538.1m	\$506.4m	+6.3%
EBITDA	\$51.6m	\$61.8m	(16.5%)
EBITDA margin	9.6%	12.2%	
Free cash flow	\$59.5m	\$30.7m	+93.8%

GF Fresh Dairy and Meats

	FY2009	FY2008	Variation
Sales	\$448.5m	\$469.9m	(4.6%)
EBITDA	\$43.6m	\$42.1m	+3.6%
EBITDA margin	9.7%	9.0%	
Free cash flow	\$51.9m	\$47.0m	+10.4%

GF Asia Pacific **

	FY2009	FY2008	Variation
Sales	\$348.7m	\$279.4m	+24.8%
EBITDA	\$53.0m	\$40.0m	+32.5%
EBITDA margin	15.2%	14.3%	
Free cash flow	\$59.5m	\$21.1m	+182.0%

* These Divisional results are before any adjustment for discontinued operations. Refer to note 4 and note 13 of the Financial Statements for the year ended 30 June 2009 for further information.

** The export segment has been reclassified from Commercial to Asia Pacific in the 2009 financial year and comparatives have been restated.

Events Subsequent to Balance Date

On 17 August 2009, the Company announced that Mr Gordon Hardie, Managing Director of the Company's Fresh Baking division, would be leaving the Company effective 4 September 2009. As at the date of this report, a search had commenced to identify a replacement for Mr Hardie.

On 21 August 2009, the Company announced the appointment of Ms Chris Froggatt as a Director of the Company, effective from 27 August 2009. Ms Froggatt has over 20 years' senior executive experience as a human resources specialist in leading international companies including Brambles Industries plc and Brambles Industries Limited, Whitbread Group plc, Diageo plc, Mars Inc and Unilever NV. More recently she has served on the boards of Britvic plc and Sports Direct International plc and as an independent trustee director of Berkeley Square Pension Trustee Company Limited. Ms Froggatt is currently a non-executive director on the board of the Australian Chamber Orchestra. She will stand for election by shareholders at the 2009 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 State of Affairs and Review of Operations and Results on pages 34 to 37 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 \$99.4 million (7.5 cents per ordinary share) on 30 October 2008. The dividend was 40% franked in Australia, with nil imputation for New Zealand taxation purposes.

A 2008/09 interim dividend of \$59.6 million (4.5 cents per ordinary share) was paid on 8 April 2009. The dividend was 31% franked in Australia, with nil imputation for New Zealand taxation purposes. The Company implemented a Dividend Reinvestment Plan (DRP) in February 2009 which was activated for the interim dividend. The DRP was underwritten to 50%.

Directors' Report continued

On 26 August 2009, the Directors of the Company resolved to pay a final dividend of 6.0 cents per ordinary share, payable on 29 October 2009 to holders of record on 7 October 2009. The dividend will be 20% franked in Australia, with nil imputation for New Zealand taxation purposes. The Directors have determined that the Company's DRP will operate in respect of the October 2009 final dividend and that a pricing period of 10 days and a discount of 2% will apply to the DRP for the final dividend. The DRP will be underwritten to 50%.

Options over Unissued Shares or Interests

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

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

Directors' Interests

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

Name	Ordinary Shares
M G Ould	200,100
P M Margin	111,028*
C A Hooke	101,000
I D Johnston	66,414
H E Perrett	2,500
G R Walker	201,000

* Mr Margin also has entitlements to 1,359,127 ordinary shares under long-term incentive plans, subject to the satisfaction of performance and service conditions. He will be allocated 267,490 of these shares on or around 27 August 2009, following release of the Company's 2008/09 full year results.

Transactions between companies within the Group and Director-related entities are set out in note 37 to the financial statements on pages 106 to 107 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 2009.

Remuneration of Directors and Senior Executives

A Remuneration Report is set out in this Directors' Report on pages 40 to 53.

The Remuneration Report:

- explains the Board's policies in relation to the nature and level of remuneration paid to key management personnel of the Company and Group (comprising the Directors of the Company and specified senior executives within the Group);
- discusses the relationship between the Board's policies and the Group's performance; and
- sets out remuneration details for key management personnel, including the five most highly remunerated executives of the Company and the Group.

Environmental Regulation

Introduction

The management of environmental risks and compliance with environmental laws is a core consideration for the Group. The Corporate Risk Committee has responsibility for overseeing the Group's environmental risk management processes and regularly reviews environmental reports from management. Priority issues are reported to the Board.

All of the Group's manufacturing operations are subject to the environmental laws of the particular countries and states in which they operate. The Group has corporate and locally based procedures to monitor and manage compliance with existing and new environmental regulations as they come into force. The Group plans and performs activities so that adverse effects on the environment are avoided or minimised to the extent reasonably practicable.

Environmental Performance

The Group continues to improve its risk management program and environmental risks and impacts are continually assessed to ensure that the appropriate environmental controls have been implemented and are effective. The Company intends to issue its first publicly available Sustainability Report in October 2009, which will provide further information regarding its environmental performance and action plans for the 2010 financial year. The Sustainability Report will be available on the Company's website (www.goodmanfielder.com.au) once issued.

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

Indemnification and Insurance of Officers

Company's Constitution and Deeds of Indemnity and Insurance

Under the Company's Constitution and deeds of indemnity and insurance between the Company and its Directors and Company Secretary (Deeds), each Director and Secretary is indemnified, on a full indemnity basis and to the full extent permitted by law, against all losses or liabilities incurred as an officer of the Company or of a related body corporate. The indemnity is an irrevocable, unconditional, continuing and principal obligation of the Company, which applies despite the officer having ceased to be an officer of the Company or its related bodies corporate.

Each Director and Secretary is also indemnified, to the extent permitted by law, for legal costs incurred in connection with pursuing a claim under any relevant directors' and officers' liability insurance contract or in connection with involvement as a party or potential party in legal or administrative proceedings as a result of their position as a director or officer of the Company or its related bodies corporate.

By Deed Poll, the Company has also provided similar indemnities to each Director and Company Secretary from time to time of a subsidiary of the Company.

No indemnities were paid to current or former Directors, Secretaries, or officers during or since the end of the year. The Company has not been advised of any claims under any of the above indemnities.

Insurance

The Company's Constitution permits the Directors to authorise the Company to purchase and maintain insurance for each officer, to the maximum extent permitted by law, against any liability incurred as an officer of the Company or of a related body corporate.

The Deeds and Deed Poll referred to above provide for the Company to maintain Directors' and officers' liability insurance, if available from a reputable insurance company at reasonable commercial rates, for a period of seven years after a person ceases to be a Director or Secretary or a director or secretary of a subsidiary.

During the financial year the Company paid insurance premiums in respect of directors' and officers' liability insurance contracts, covering the current and former Directors, Secretaries and executive officers of both the Company and its subsidiaries. The insurance contracts insure against certain liabilities (subject to specified exclusions) for persons who are or have been Directors and officers of the Company and its subsidiaries. The insurance contracts prohibit disclosure of the amount of the premium and the nature and extent of the liabilities covered.

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 with 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.

Remuneration Report – audited

This report, which forms part of the Directors' Report, outlines the Board's policy for determining the nature and amount of remuneration of the key management personnel of the Company and of the Group and the relationship between this policy and the Company's performance. The key management personnel covered by this report comprise the Directors of the Company and those senior executives within the Group having the authority and responsibility for planning, directing and controlling the activities of the Company and Group.

The adoption of the Remuneration Report will be subject to a non-binding vote of shareholders at the Company's 2009 Annual General Meeting.

Remuneration Philosophy

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

To prosper, the Company must:

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

Remuneration Committee

The Remuneration Committee of the Board of Directors of the Company is responsible for recommending to the Board the compensation arrangements for non-executive Directors, 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 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;
- executive and employee benefit programs and incentive schemes; and
- people related risk indicators, including employee turnover, absenteeism, employee engagement and succession planning.

The Remuneration Committee comprises:

- Mr Hugh Perrett (Chair)
- Mr Max Ould
- Mr Ian Johnston

Other non-executive Directors attend meetings of the Committee by standing invitation. The CEO attends meetings as required, but is not present during consideration of matters in which he has a personal interest.

The Committee is supported by Goodman Fielder's Group Human Resources Director, who is also the secretary of the Committee, and, as necessary, external advisers.

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 cost which is fair and reasonable in light of prevailing market conditions and is acceptable to shareholders.

Structure

The Constitution and the ASX Listing Rules specify that the maximum 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 approved 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 is 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 independent external consultants.

A review of non-executive Director remuneration was conducted at the commencement of the 2009 financial year, having regard to market information for companies of comparable size and complexity to Goodman Fielder, the commercial expertise and experience of the Directors and the workload and responsibilities of the Chair and members of the Board and Board committees.

For the year ended 30 June 2009, fees paid to non-executive Directors were increased as follows:

	Chairman \$		Member \$	
	2008/09 Fees ⁽¹⁾	2007/08 Fees ⁽¹⁾	2008/09 Fees ⁽¹⁾	2007/08 Fees ⁽¹⁾
Board ⁽²⁾	357,500 ⁽³⁾	300,000 ⁽³⁾	130,000	120,000
Audit Committee	27,000	25,000	13,500	12,500
Corporate Risk Committee	20,000	18,000	12,000	10,000
Remuneration Committee	15,000	12,000	10,000	8,000

(1) Fees are inclusive of superannuation.

(2) Board fees are not paid to Mr Margin, an executive Director, as his remuneration is paid in respect of responsibilities relating to his executive role as well as his duties as a Director of the Company.

(3) The Chairman of the Board is not entitled to any additional fees for serving on Board Committees.

The increase in fees did not require a change to the \$1.5 million aggregate remuneration for non-executive Directors which was approved by shareholders in 2005.

Non-executive Directors receive no other remuneration but may also be reimbursed for expenses properly incurred as a Director or in the course of their duties.

The remuneration of non-executive Directors for the year ended 30 June 2009 is detailed in Table 1 on pages 50 and 51.

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. The following key principles guide Goodman Fielder's executive remuneration policy:

- remuneration should reward executives for achieving or exceeding financial and non-financial performance targets set by reference to individual, divisional, and Group business plans and strategic goals;
- performance measures and incentive plans should appropriately align the interests of executives with those of shareholders; and
- total remuneration opportunities should be competitive by market standards against comparable roles and responsibilities.

Remuneration Report – audited continued

Structure

The total remuneration of senior executives consists of two elements – fixed remuneration and performance-linked remuneration, as follows:

Element	Components	
Fixed remuneration	Total Fixed Package (TFP)	The amount of non-variable compensation approved by the Board or, as appropriate, the CEO. Employer superannuation contributions and other short-term benefits (such as novated vehicle lease payments) are included in the executive's TFP.
Performance-linked remuneration	Short Term Incentive (STI)	Cash payments 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 include both financial and non-financial performance criteria. An additional incentive opportunity is available for the achievement of 'stretch' targets.
	Long Term Incentive (LTI)	Company shares awarded under Goodman Fielder's Performance Share Plan (PSP) 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.

The relative proportion of executive Directors' and senior executives' total remuneration opportunity that is performance-related is set out in the table below:

Role	Fixed Remuneration	Performance-Based Remuneration		
	TFP	STI (max) ⁽¹⁾	LTI (max) ⁽¹⁾	Total Performance-Based Remuneration
CEO	36%	36%	28%	64%
Chief Financial Officer (CFO)	54%	32%	14%	46%
Divisional MDs	52%	35%	13%	48%
Other corporate executives	57%	29%	14%	43%

(1) Includes 'stretch' incentives, where applicable.

The above proportions are based upon each executive's total remuneration opportunity as approved by the Board for the 2009 financial year and do not necessarily reflect the actual remuneration received by that executive in respect of the financial year.

Fixed remuneration is targeted at the market median for senior executive roles, and between the median and 75th percentile for those executives' total remuneration opportunities (the aggregate of TFP, STI and LTI for each executive).

Total Fixed Package (TFP)

Objective

Each executive's fixed remuneration is set so as to provide a base level of remuneration which is both appropriate to the position and 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. The Company uses the Hay points rating system to value individual roles. Fixed remuneration of the CEO and the other senior executives is 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.

The Committee routinely seeks external advice independent of management to determine appropriate market remuneration levels.

Following a review of Group, business unit and individual performance, and having regard to 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 fixed remuneration of the CEO and other senior executives. In conjunction with the CEO, the Committee will also recommend guidelines for setting the fixed remuneration of other executives. The Board will consider the Committee's recommendations in determining the fixed remuneration of all senior executives and approving guidelines for remuneration of other executives and employees.

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.

Until May 2009, executives were also able to participate in Goodman Fielder's General Employee Share Plan. Shares were purchased on-market under the plan using salary sacrifice contributions. On 12 May 2009, the Australian Federal Government announced proposed changes to the taxation of benefits under employee share schemes as part of its 2009 Federal Budget. As a result of these proposed changes, acquisitions of shares under the plan were suspended until the tax implications of continued participation in the share plan were clarified. It is anticipated that share acquisitions under the plan will re-commence during the September 2009 trading window for those participants who still wish to acquire shares, subject to there being sufficient legislative certainty regarding the future taxation treatment of share acquisitions under the plan.

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 executives' fixed remuneration includes employer contributions to superannuation funds.

The fixed remuneration component of the Group's key management personnel, which includes the most highly remunerated senior executives of the Company and the Group, is detailed in Table 2 on pages 52 and 53.

Short Term Incentive (STI)

Objective

In addition to their TFP, certain senior executives (other than the CEO) may be entitled to receive up to 69% of their TFP by way of cash incentive payments under the Group's STI plan. Payments to senior executives under the STI plan may be adjusted at the discretion of the Board.

The objective of this incentive plan is to link the achievement of the Company's 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.

Structure

Each year, the Board approves performance criteria to be met by the CEO and other senior executives under the STI plan. Financial and risk management targets are set at the commencement of each financial year and achievement of those targets is measured over the course of the financial year. Individual business objectives are set following completion of each executive's performance plan for the financial year, and constitute individual performance goals for that year, including participation in major projects and initiatives aligned with the division's and Group's business objectives. Whether incentive payments are made to executives depends on the extent to which specific operating and performance targets set at the beginning of the financial year are met. The performance of each individual is assessed against their Key Performance Indicators (KPIs) for the year, and a percentage performance factor is determined based upon achievement of KPIs. The criteria used to determine an executive's cash entitlement under the STI plan for the year ended 30 June 2009 are set out in the table below:

Position	Incentive Amount – % of TFP ⁽⁴⁾	Performance Criteria			
		Division Financial Performance	Division Risk Performance and Individual Business Objectives	Group Financial Performance	Group Risk Performance and Individual Business Objectives
CEO ⁽¹⁾	50% – 100%	–	–	60%	40%
CFO ⁽¹⁾	60%	–	–	60%	40%
Divisional MDs ⁽²⁾	60% – 69%	30%	40%	30%	–
Other corporate executives ⁽³⁾	50%	–	–	60%	40%

(1) The financial performance criteria relevant to the CEO's and CFO's STI are Group net profit after tax (NPAT) and return on capital employed (ROCE).

(2) The incentive opportunity for divisional MDs is based upon divisional earnings before interest and tax (EBIT) and Group EBIT.

(3) The incentive opportunity for corporate executives (other than the CFO) is based upon Group EBIT.

(4) The applicable TFP percentages include incentive opportunities for the achievement of 'stretch' targets by the CEO and divisional MDs.

Remuneration Report – audited continued

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

These criteria, and the weightings applied to them, are 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.

Achievement of financial performance targets is confirmed once the audit of the Company's annual accounts has been completed. Risk management performance and satisfaction of individual business objectives are confirmed through the internal assessment of achievement against performance targets at the end of the financial year. The Remuneration Committee recommends the cash incentive to be paid to individual senior executives for approval by the Board. Cash incentive entitlements approved by the Board are paid in the month following the release of the Company's results.

The Board retains the discretion to alter awards and payments under the plan, having regard to individual, business unit and Group performance, significant contributions to, or impacts upon, Group objectives and other special circumstances.

CEO

The CEO's entitlement to a bonus payment under the STI plan is dependent upon the Group 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 a STI for achievement of agreed financial and personal targets in any year or as otherwise determined by the Board. A further 50% is payable on achievement of stretch targets as determined by the Board.

Vesting of 2009 Short Term Incentive Payments

Amounts paid or payable to executives who are key management personnel for short-term incentives in respect of the 2009 financial year are set out below and in Table 2 on pages 52 and 53. Incentives have been or will be paid on the basis of achievement of financial or risk performance criteria or individual performance objectives for the 2009 financial year.

Details of the vesting profile of the short-term cash incentives awarded to each of the key management personnel who are senior executives of the Group are as follows:

	2009 Short Term Incentive		
	Included in remuneration ⁽¹⁾	% of total opportunity ⁽²⁾	
Executive Directors	(\$)	% Earned in year	% Forfeited in year
P M Margin	–	–	100%
Other senior executives			
D Clark	37,944	15%	85%
G G W Erby	270,291	59%	41%
D K Goldsmith	75,576	18%	82%
G J Hardie	29,917	5%	95%
A R Hipperson	207,711	57%	43%
P R Reidie	49,421	14%	86%
S K Roberts	(3)	(3)	(3)
J D West	(3)	(3)	(3)

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

(2) 'Stretch' incentive opportunities, where applicable, are included in the determination of percentages earned/forfeited in the year.

(3) The incentives for Messrs Roberts and West relate to achievement of targets which are not due to be completed until the 2010 financial year. Accordingly, no amounts were paid or payable in respect of the year ended 30 June 2009.

No amounts vest in future financial years in respect of the Short Term Incentive scheme for the 2009 financial year.

Long Term Incentive (LTI) – Share-Based Payments

Objective

The Group's LTI plan is designed to align executive remuneration with the main performance drivers of the business, which underpin sustainable growth in shareholder value.

Structure

The CEO and nominated executives are eligible to receive shares in the Company over rolling three-year periods pursuant to the Performance Share Plan (PSP) approved by shareholders at the Company's 2007 Annual General Meeting. Entitlement to shares under the PSP will be subject to the Group meeting key performance criteria determined by the Board for the relevant three-year performance period. No amounts are paid or payable by executives in relation to entitlements under the PSP.

Performance targets are set at the commencement of each three-year period, with the objective of ensuring that the payment of incentives reflects a corresponding increase in shareholder value. Achievement of the performance targets is measured at least twice yearly over the performance period, in conjunction with the preparation of the Group's half-year and annual financial reports.

The performance criteria applicable to offers under the PSP are evaluated each year to ensure that appropriate performance criteria are being used to motivate executives in light of changing long-term Group and stakeholder objectives.

Achievement of the financial performance targets is confirmed once the Group's annual financial statements have been audited and released to the market. The incentive is awarded in Goodman Fielder shares which have been purchased on-market. Other than in respect of the retirement or redundancy of an executive (in which case a pro-rata entitlement will apply), entitlement to the shares is also subject to the senior executive remaining in employment with the Group at the date of allocation of the shares, which occurs following release of the Group's full year results after completion of the relevant three-year performance period.

If the performance targets have been achieved, the number of shares to which senior executives are entitled under the PSP is determined as follows:

Relevant % of TFP ⁽¹⁾	÷	Share price on the last trading day prior to commencement of the performance period ⁽²⁾	=	Number of shares
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(1) The relevant % of TFP is 20% for all participating executives other than the CEO at 100% achievement of the PSP performance criteria. If 'stretch' targets are achieved, the TFP percentage increases to 25% for those participating executives. For the CEO, the relevant % of TFP under the PSP is 50% at 100% achievement of the EPS and ROCE performance criteria and 25% at 100% achievement of the TSR performance criteria. Accordingly, at 100% achievement of all performance targets under the PSP, the CEO's entitlement to shares would be determined based upon 75% of his TFP.

(2) 30 June or the last trading day prior to 30 June in each year.

The Board has discretion to vary the terms and conditions of the PSP, including altering awards and payments under the plan, provided there is no reduction in the accrued benefits or entitlements of participants.

The recent 2009 Australian Federal Budget announcement outlined proposed changes to the taxation of benefits under employee share schemes which, if implemented, would have impacted on the structure of future awards to senior executives. The legislative amendments which are now proposed to be implemented do not appear to significantly affect the continued operation of, and future award of entitlements under, the PSP. It is anticipated that offers with similar terms and conditions to the 2009 offer will be made to executives under the PSP in respect of the 2010 financial year, subject to there being sufficient legislative certainty regarding the taxation treatment of entitlements under the plan.

All senior executives are prohibited from entering into arrangements or dealing in financial products in connection with Goodman Fielder securities which operate to limit their economic risk under any equity-based incentive schemes. This prohibition forms part of the *Guidelines for Buying and Selling Goodman Fielder Securities* adopted by the Board on 21 June 2007. Breach of the Guidelines is regarded as serious misconduct, which will be subject to appropriate sanctions. The key management personnel that are senior executives of the Group have confirmed their compliance with the requirements of these Guidelines for the year ended 30 June 2009.

Remuneration Report – audited continued

PSP Performance Measures

The performance targets approved by the Board which apply to offers to executives under the PSP in 2008 and 2009 relate to both Goodman Fielder's earnings per share (EPS) and return on capital employed (ROCE).

EPS is determined by dividing the Group's normalised net profit attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares on issue throughout the year.

ROCE is determined by dividing the Group's normalised earnings before interest and tax (EBIT) by the difference between total assets and total liabilities (excluding cash, borrowings and tax-related assets and liabilities).

An additional criterion, total shareholder return (TSR), applies to the 2009 offer to the CEO under the PSP. TSR is the combined return from changes in the market value of a share and dividends paid to shareholders.

In general, both the EPS and ROCE targets must be met to a minimum level for shares to be allocated under the PSP, although the Board retains discretion to award incentives under the PSP if one or all criteria are not achieved.

The Board also has discretion to make a cash payment in lieu of shares in the event of a change in control of the Company or to allocate shares or make a cash payment in lieu of shares to an executive whose employment is terminated prior to the intended allocation date under the offer.

The approval of the PSP performance targets set out below does not represent an earnings forecast or disclosure of targets under the Company's five-year strategic plan.

2008 Offer – Performance Period:

1 July 2007 to 30 June 2010

For the performance period commencing 1 July 2007 the PSP key performance criteria are:

- 10% annual compound growth in EPS; and
- Achievement of 13% ROCE in the final year of the three-year period.

2009 Offer – Performance Period:

1 July 2008 to 30 June 2011

For the performance period commencing 1 July 2008 the key performance criteria are annual compound growth in EPS and achievement of target ROCE, as follows:

EPS growth	7%	8%	9%	10%
Incentive entitlement	50%	75%	100%	125% ⁽¹⁾
ROCE	13%	14%	15%	16%
Incentive entitlement	50%	75%	100%	125% ⁽¹⁾

(1) Executives other than the CEO are entitled to a 'stretch' incentive for achievement of the relevant performance criterion. A 'stretch' opportunity is not available to the CEO.

If both 'stretch' targets are achieved, executives other than the CEO are able to earn 25% of their TFP in the form of Goodman Fielder shares. The CEO can earn 50% of his TFP under the PSP on the basis of 100% achievement of the EPS and ROCE performance criteria, but is not entitled to a further 'stretch' incentive related to these performance measures.

The CEO is also able to earn an incentive of up to 25% of his TFP on the basis of the Company's TSR performance. At the end of the three-year performance period, Goodman Fielder's TSR performance is measured against the performance of a comparator group of companies whose shares were included in the S&P/ASX 200 Industrials and S&P/ASX 200 Consumer Staples indices at the date of the offer. The basket of companies comprises both competitors of the Company within the consumer staples sector and other significant listed companies within the broader 'industrials' market segment. A baseline was established at the commencement of the financial year against which the TSR performance of Goodman Fielder and the comparator group will be measured. The relevant TSR performance thresholds which apply to the CEO's incentive are as follows:

Goodman Fielder TSR performance measured against comparator group	Percentage of TSR component earned
0 to 49th percentile	Nil
50th to 74th percentile	50% – 99%
75th to 100th percentile	100%

Under Accounting Standards a share-based payment expense must be recognised based on the fair value and not the intrinsic or cash value of a share entitlement.

The fair value of a share entitlement is determined at grant date and this fair value is expensed to the income statement over the vesting period. For share entitlements based on 'market' hurdles such as TSR or target share prices, no adjustment is made to the fair value or income statement expense for any change in probability of a hurdle being achieved. For share entitlements based on 'non-market' hurdles such as EPS, ROCE or profit, an adjustment is made to the income statement expense based on probability of the hurdle being achieved.

As a result of this, an expense is required to be recognised for the portion of the CEO's entitlement which relates to a TSR hurdle, even though he is not entitled to these shares unless the performance criteria have been met at the end of the three year performance period. The estimated fair value of the CEO's 2009 entitlements under the PSP in relation to the TSR performance target was \$0.92 per share and the total expense to be recognised over the three year vesting period is \$246,428.

The estimated fair value of the 2009 entitlements of the CEO and other executives in relation to the EPS and ROCE performance measures was \$1.05 per share (2008 entitlements: \$1.90 per share). No value has been attributed to these 2008 and 2009 entitlements under the PSP as the probability of meeting the performance hurdles has been assessed as nil.

Details of entitlements to be allocated shares in the Company under the PSP that were granted to Group executives who are key management personnel are as follows:

Executive Directors	Entitlement to ordinary shares under PSP – number of shares ⁽¹⁾	Effective grant date ⁽²⁾	Performance period ends	% of total opportunity		Value of entitlement at 30 June 2009 \$ ⁽³⁾	Financial year in which shares will be allocated
				% Earned in year	% Forfeited in year		
P M Margin	267,857 (TSR)	12 December 2008	30 June 2011	–	–	82,143 ⁽⁴⁾	2011/12
	535,714 (EPS/ROCE)	12 December 2008	30 June 2011	–	–	–	2011/12
	288,066	22 November 2007	30 June 2010	–	–	–	2010/11
Other Senior Executives							
D Clark	72,913	12 December 2008	30 June 2011	–	–	–	2011/12
	39,630	22 November 2007	30 June 2010	–	–	–	2010/11
G G W Erby	94,863	12 December 2008	30 June 2011	–	–	–	2011/12
	51,078	22 November 2007	30 June 2010	–	–	–	2010/11
D K Goldsmith	99,969	12 December 2008	30 June 2011	–	–	–	2011/12
	53,827	22 November 2007	30 June 2010	–	–	–	2010/11
G J Hardie	118,720	12 December 2008	30 June 2011	–	–	–	2011/12
	64,527	22 November 2007	30 June 2010	–	–	–	2010/11
A R Hipperson	75,000	12 December 2008	30 June 2011	–	–	–	2011/12
	34,025	22 November 2007	30 June 2010	–	–	–	2010/11
P R Reidie	67,991	12 December 2008	30 June 2011	–	–	–	2011/12
S K Roberts	78,571	12 December 2008	30 June 2011	–	–	–	2011/12
J D West	69,000	12 December 2008	30 June 2011	–	–	–	2011/12
	34,461	22 November 2007	30 June 2010	–	–	–	2010/11

(1) Represents the maximum number of shares to which executives will be entitled if the performance and service conditions are satisfied, but does not include additional shares on achievement of 'stretch' targets.

(2) The closing price of the Company's ordinary shares on the ASX was \$1.90 at 22 November 2007 and \$1.28 at 12 December 2008.

(3) In general, the performance criteria must be achieved before any shares are allocated under the PSP, as outlined above. Therefore the minimum potential value of the entitlements under the PSP is nil. The maximum value of the entitlements under the PSP has been based on the estimated fair value of the award at the grant date. The estimated fair value of the 2009 share entitlements for the CEO and other executives which relate to the achievement of ROCE and EPS performance criteria was \$1.05 per share. No value has been attributed to these entitlements under the PSP, as the current probability of meeting the performance criteria for allocation of shares to executives under the PSP has been assessed as nil. The closing share price for the Company's ordinary shares on the ASX at 30 June 2009 was \$1.305 per share.

(4) The estimated fair value of the CEO's 2009 share entitlements which relate to the achievement of the TSR performance criterion under the PSP was \$0.92 per share. Accounting Standards require this value to be recognised over the three-year performance period relating to the award and one-third of the total value has been recognised in the 2009 financial year, even though Mr Margin will not become entitled to be allocated these shares unless the performance criterion has been met at the end of the three-year performance period.

Remuneration Report – audited continued

Other Discretionary Payments or Benefits

Prior to the implementation of the PSP, Mr Margin was the only Group executive eligible to receive an incentive under a LTI plan.

On 10 September 2007, the Board reviewed Mr Margin's performance and the performance of the Group and determined to award Mr Margin a share-based payment in recognition of progress made in the achievement of the Group's performance objectives and personal performance objectives set by the Board. The Board granted Mr Margin an entitlement to 267,490 shares in the Company (valued at 50% of his fixed remuneration, or \$650,000 based upon a price per share of \$2.43, the closing share price for the Company's ordinary shares on the ASX at 30 June 2007). Entitlement to the shares (which will be purchased on-market) is subject to Mr Margin remaining in employment with the Group at the date of payment of the share-based incentive, which is no earlier than 40 days after 30 June 2009 (the expiration of the relevant performance period).

Details of Mr Margin's entitlement to shares in the Company under his LTI plan are as follows:

Entitlement to ordinary shares under the LTI plan – number of shares	Effective grant date ⁽¹⁾	Performance period ends	% of total opportunity		Total value of entitlement at 30 June 2009 \$ ⁽³⁾	Financial year in which shares allocated	
			% Earned in year ⁽²⁾	% Forfeited in year			
P M Margin	267,490	10 September 2007	30 June 2009	100%	–	650,000	2009/10

(1) Represents the date of exercise of the Board's discretion to award Mr Margin a share-based LTI payment. The closing share price for the Company's ordinary shares on the ASX at 10 September 2007, the date of exercise of the Board's discretion, was \$2.57 per share.

(2) Mr Margin had satisfied the performance criteria applicable to his entitlement under the LTI plan by the end of the 2009 financial year and he will be entitled to be allocated shares under the LTI plan on or around 27 August 2009.

(3) The estimated minimum value of Mr Margin's entitlements to Company shares, where the applicable service conditions have not been satisfied, is nil. The estimated maximum value of his entitlements is based upon the estimated fair value of the award (\$2.43 per share). The closing share price for the Company's ordinary shares on the ASX at 30 June 2009 was \$1.305 per share. Of the \$650,000 total fair value of the entitlement, \$216,667 has been recognised in the year ended 30 June 2009. The amount recognised as remuneration in the year is not related to or indicative of the benefit that Mr Margin may ultimately realise on allocation of the shares.

Mr Margin is now a participant in the PSP and, except as set out above, is no longer entitled to any award under other LTI arrangements.

Other than as disclosed above or 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 2009.

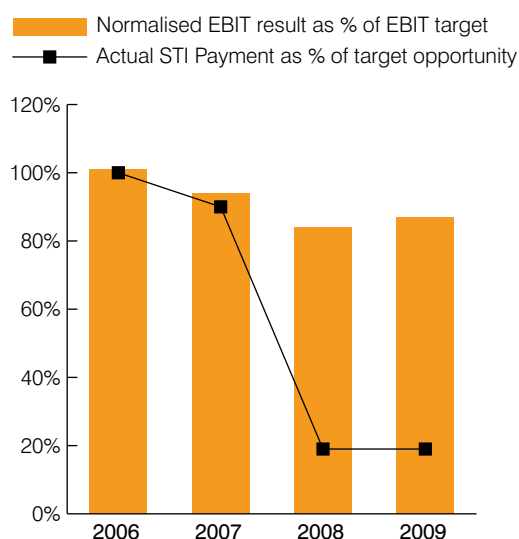
Group Performance

A significant proportion of the total remuneration opportunity of the CEO and other senior executives is 'at risk' remuneration and is aligned to Group performance. In considering the Group's performance and benefits for shareholder wealth in implementing and maintaining such incentive programs, the Remuneration Committee has regard to a number of indicators of Group performance, including the Group's earnings (EBIT 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 the underlying profitability of the business and the effective deployment of assets. An additional performance measure, total shareholder return (TSR), was introduced in relation to the CEO's long-term incentive for the 2009 financial year, reflecting a further focus on the delivery of shareholder value against a comparator group of companies.

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 Group Performance

The following graph illustrates the link between earnings performance and remuneration policy:



Notes:

- The normalised EBIT result for the financial year ended 30 June 2006 represents the aggregate financial performance of the businesses now forming part of the Group and has been presented on a pro-forma basis in order to provide a meaningful comparison with the performance of the Group in the financial years ended 30 June 2007, 30 June 2008 and 30 June 2009. The pro-forma result is unaudited. For more detail on the basis of the calculation of the pro-forma result from the operations of the Group refer to the Company's 2006 Annual Report.
- The normalised EBIT result for the financial year ended 30 June 2008 excludes the impact of a \$170 million non-cash impairment charge.

The Group's financial performance is affected by a number of significant external economic factors, including commodity and fuel prices and exchange rates, as well as factors which influence consumer spending, including interest and inflation rates. In particular, the management of high commodity and distribution costs has been a challenge for the Group in the current and past financial year. Difficult economic conditions resulted in further consumer migration to private label brands, which impacted the market share and pricing of the Group's branded products, particularly in the bread and dairy categories. These factors adversely impacted the Company's share price. However, by the end of the financial year, the Company's continued focus on new product development and heavy investment in brand support had been able to partly offset the impact of private label and commodity cost pressures and these initiatives, together with ongoing programs to optimise manufacturing efficiency and cash realisation, provide a strong platform for further performance improvement in 2010. Despite depressed consumer confidence and continuing high input costs during the year, the Group recorded a solid financial result in line with the guidance provided to the market in February 2009, reporting full year NPAT attributable to equity holders of \$177.1 million. The Company will pay a full year dividend of 10.5 cents per share in respect of the year ended 30 June 2009, which represents a dividend payout of approximately 80% of net earnings.

For divisional executives, the financial performance measures used in determining awards under the STI plan are divisional and Group EBIT. For corporate executives, Group EBIT is the relevant financial measure, while awards for the CEO and CFO are based upon the achievement of NPAT and ROCE targets. Safety measures and other individual performance measures aligned to divisional and Group business plans are also relevant.

Long-term incentives are linked to Group performance through the allocation of shares which are subject to three-year performance conditions. Shares will be allocated under the PSP if EPS and ROCE measures are met and, in relation to the CEO, if agreed TSR performance targets are achieved or exceeded. The payment of incentives is linked to specified increases in shareholder wealth over the three-year performance period. Additionally, the value of the awards to executives is dependent upon the share price performance of the Company's shares while shares continue to be held by or for the benefit of those executives. The Board may exercise its discretion in connection with the allocation of shares.

Remuneration Report – audited continued

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 Group's performance and creates shareholder wealth.

Employment Contracts

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

Whilst the employment arrangements set out the structure of remuneration for senior executives, they do not prescribe the manner in which remuneration may be modified, which is left to the discretion of the Board, 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, or upon

their role becoming redundant. The Company must provide the CEO and direct executive reports 12 months' notice of termination or 12 months' payment upon redundancy. 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.

Senior executives other than the CEO may terminate their employment by giving three months' notice of resignation. The CEO is required to provide six months' notice of resignation.

The CEO's contract of employment contains a number of additional restrictive covenants and a further provision confirming the Board's discretion to determine whether to pay any incentive amounts which have not yet become due and payable at the time of redundancy or termination with notice by the Company.

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.

Table 1: Remuneration of Directors for the financial year ended 30 June 2009

		Short-term benefits		
A\$	Year	Salary & fees	Short-term cash incentives ^(a)	Non-monetary ⁽²⁾
Non-executive Directors				
M G Ould Chairman	2009	308,419	–	–
	2008	275,229	–	–
C A Hooke Director	2009	155,046	–	–
	2008	140,909	–	–
I D Johnston Director	2009	140,826	–	–
	2008	13,183	–	–
H E Perrett Director	2009	153,006	–	–
	2008	137,643	–	–
G R Walker Director	2009	150,000	–	–
	2008	136,818	–	–
Total remuneration for Non-executive Directors	2009	907,297	–	–
	2008	703,782	–	–
Executive Directors				
P M Margin Managing Director and CEO	2009	1,446,798	–	7,483
	2008	1,354,167	250,000	107,217
Total remuneration for all Directors	2009	2,354,095	–	7,483
	2008	2,057,949	250,000	107,217

	Post-employment						
	Superannuation	Other post-employment benefits	Other long-term benefits	Termination benefits	Share-based payment ⁽³⁾	Total ⁽¹⁾	Proportion of remuneration performance related (%)
	49,081	–	–	–	–	357,500	–
	24,771	–	–	–	–	300,000	–
	13,954	–	–	–	–	169,000	–
	14,091	–	–	–	–	155,000	–
	12,674	–	–	–	–	153,500	–
	1,186	–	–	–	–	14,369	–
	3,994	–	–	–	–	157,000	–
	4,357	–	–	–	–	142,000	–
	13,500	–	–	–	–	163,500	–
	13,682	–	–	–	–	150,500	–
	93,203	–	–	–	–	1,000,500	–
	58,087	–	–	–	–	761,869	–
	50,000	–	–	–	298,810	1,803,091	16.6%
	45,833	–	–	–	216,667 ⁽⁴⁾	1,973,884	23.6%
	143,203	–	–	–	298,810	2,803,591	10.7%
	103,920	–	–	–	216,667	2,735,753	17.1%

Remuneration Report – audited continued

Table 2 discloses details of the remuneration of the senior executives who are key management personnel of the Group. These individuals also comprise the five 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) and Mr West are the sole Company executives. Messrs Clark, Erby, Goldsmith, Hardie, Hipperson, Reidie and Roberts are Group executives.

Table 2: Remuneration of Company and Group executives for the financial year ended 30 June 2009

A\$	Year	Short-term benefits		
		Salary & Fees	Short-term cash incentives ^(a)	Non-monetary ⁽²⁾
D Clark ⁽⁵⁾ Group Human Resources Director	2009	391,572	37,944	45,216
	2008	n/a	n/a	n/a
G G W Erby Managing Director, GF Home Ingredients	2009	611,788	270,291	2,254
	2008	568,769	100,000	1,831
D K Goldsmith Chief Financial Officer	2009	596,910	75,576	2,254
	2008	552,169	100,000	15,201
G J Hardie ⁽⁶⁾ Managing Director, GF Fresh Baking	2009	828,235	29,917	5,968
	2008	780,452	100,000	5,948
A R Hipperson ⁽⁵⁾ Managing Director, GF Asia Pacific	2009	479,397	207,711	17,687
	2008	n/a	n/a	n/a
P W Hitchcock ⁽⁷⁾ Managing Director, GF Commercial	2009	45,361	–	231
	2008	545,500	–	49,155
P R Reidie ⁽⁵⁾⁽⁸⁾ Managing Director, GF Fresh Dairy and Meats	2009	488,783	49,421	31,334
	2008	n/a	n/a	n/a
S K Roberts ⁽⁵⁾ Managing Director, GF Commercial	2009	340,998	–	44,063
	2008	n/a	n/a	n/a
J D West ⁽⁹⁾ Company Secretary and Group General Counsel, Group Commercial Director	2009	433,668	–	3,755
	2008	381,934	30,000	17,090
Total remuneration for executives	2009	4,216,712	670,860	152,762
	2008	2,828,824	330,000	89,225

(a) Represents cash incentives paid or payable in respect of performance in a financial year.

(1) 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.

(2) These amounts represent remuneration received in non-monetary form for car/car park allowances and the net increase in leave entitlements accrued during the financial year.

(3) 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. In accordance with the requirements of the Accounting Standards, executive remuneration includes a proportion of the notional value of equity compensation granted during the year. The notional value of equity instruments which do not vest during the reporting period is determined as at the grant date and is progressively allocated over the vesting period. The amount included as remuneration is not related to or indicative of the benefit (if any) that individual executives may ultimately realise should the equity-based payments vest. The notional value of executives' entitlements to shares under the Performance Share Plan and Mr Margin's LTI entitlements was determined in accordance with AASB 2 Share-Based Payment. The amounts set out above for 2009 include a third of the value of entitlements under Mr Margin's 2007 LTI (\$216,667) and a third of the value of his entitlement under the Performance Share Plan in relation to the TSR performance target (\$82,143). No remuneration amounts are included for 2008 and 2009 in relation to CEO and executive entitlements to be allocated shares under the Performance Share Plan in relation to the EPS and ROCE measures, as the notional value of those incentives is nil, based upon the current assessed probability of achievement of the performance targets.

	Post-employment		Other long-term benefits	Termination benefits	Share-based payment ⁽³⁾	Total ⁽¹⁾	Proportion of remuneration performance related (%)
	Superannuation	Other post-employment benefits					
	95,667	–	–	–	–	570,399	6.7%
	n/a	n/a	n/a	n/a	n/a	n/a	n/a
	50,000	–	–	–	–	934,333	28.9%
	50,000	–	–	–	–	720,600	13.9%
	100,616	–	–	–	–	775,356	9.7%
	100,000	–	–	–	–	767,370	13.0%
	13,745	–	–	–	–	877,865	3.4%
	13,129	–	–	–	–	899,529	11.1%
	43,349	–	–	–	–	748,144	27.8%
	n/a	n/a	n/a	n/a	n/a	n/a	n/a
	18,608	1,053,984	–	–	–	1,118,184	–
	51,869	–	–	–	–	646,524	–
	19,551	–	–	–	–	589,089	8.4%
	n/a	n/a	n/a	n/a	n/a	n/a	n/a
	37,266	–	–	–	–	422,327	–
	n/a	n/a	n/a	n/a	n/a	n/a	n/a
	47,079	–	–	–	–	484,502	–
	38,377	–	–	–	–	467,401	6.4%
	425,881	1,053,984	–	–	–	6,520,199	10.3%
	253,375	–	–	–	–	3,501,424	9.4%

(4) Mr Margin's share-based payment for 2008 represents a third of the value of his entitlements under his 2007 LTI. This amount has been reclassified from the prior year presentation to more appropriately reflect the progressive allocation of the value of Mr Margin's 2007 LTI entitlements over the vesting period.

(5) Comparative information has not been provided for Messrs Clark, Hipperson, Roberts and Reidie as they were not key management personnel of the Group for the year ended 30 June 2008. Messrs Hipperson and Reidie were appointed to their current positions effective 1 July 2008. Mr Roberts joined the Group as Managing Director, GF Commercial on 13 October 2008.

(6) On 17 August 2009, the Company announced that Mr Hardie would leave Goodman Fielder Limited, effective 4 September 2009. As at the date of this report, the process to identify a replacement for Mr Hardie is underway.

(7) Mr Hitchcock ceased employment as Managing Director, GF Commercial effective 8 August 2008.

(8) Remuneration for Mr Reidie 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\$1.00/NZ\$1.2207.

(9) Mr West was also appointed Group Commercial Director, effective 1 July 2008.

Non-Audit Services

During the year ended 30 June 2009, KPMG, the Company's auditor, performed certain other services in addition to its 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:

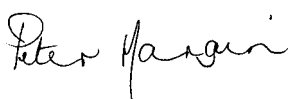
- all non-audit services were subject to the corporate governance procedures adopted by the Company and have been reviewed by the Audit Committee to ensure they did not impact the integrity and objectivity of the auditor; and
- the non-audit services provided by KPMG do not undermine the general principles relating to auditor independence as set out in APES 110 *Code of Ethics for Professional Accountants*, as they did not involve reviewing or auditing the auditor's own work, acting in a management or decision-making capacity for the Company, acting as an advocate for the Company or jointly sharing risks and rewards; and
- the non-audit services provided by KPMG were for taxation and assurance work and none of this work created any conflicts with the auditor's statutory responsibilities.

A copy of the auditor's independence declaration as required under Section 307C of the *Corporations Act 2001* is set out on page 55 and forms part of this Report.

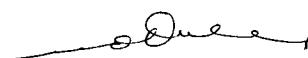
Rounding of Amounts

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
26 August 2009



Max Ould
Chairman
26 August 2009

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 audit for the financial year ended 30 June 2009 there have been:

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

KPMG.

KPMG

A handwritten signature in black ink, appearing to read 'David Rogers'.

David Rogers
Partner

Sydney
26 August 2009

Income Statements

For the year ended 30 June 2009

	Notes	Consolidated		Company	
		2009 \$m	2008*** \$m	2009 \$m	2008 \$m
Revenue					
Sale of goods		2,471.3	2,317.5	–	–
Other income	5	24.1	18.6	221.5	234.0
Cost of sales		(1,565.8)	(1,418.6)	–	–
Warehousing and distribution expenses		(344.8)	(333.4)	–	–
Selling and marketing expenses		(167.3)	(173.5)	–	–
General and administration expenses		(88.7)	(84.6)	–	–
Other expenses *		(33.2)	(201.9)	(1.1)	(0.1)
Expenses, excluding finance costs		(2,199.8)	(2,212.0)	(1.1)	(0.1)
Net financing (costs)/income **	6	(90.7)	(79.7)	47.5	30.4
Profit before income tax		204.9	44.4	267.9	264.3
Income tax expense	7	(40.5)	(35.5)	(16.6)	(10.3)
Profit from continuing operations		164.4	8.9	251.3	254.0
Profit from discontinued operations, net of income tax	13	18.3	22.6	–	–
Profit for the year		182.7	31.5	251.3	254.0
Attributable to:					
Equity holders of Goodman Fielder Limited		177.1	27.7	251.3	254.0
Minority interests		5.6	3.8	–	–
Profit for the year		182.7	31.5	251.3	254.0

		Cents	Cents
From continuing operations			
Basic earnings per share	45	11.9	0.4
Diluted earnings per share	45	11.9	0.4

		Cents	Cents
From continuing and discontinued operations			
Basic earnings per share	45	13.3	2.1
Diluted earnings per share	45	13.3	2.1

* In 2008, other expenses included impairment charge on Fresh Dairy New Zealand goodwill of \$170.0m. Refer to note 19.

** Refer to note 1(ab).

*** The 2008 comparatives have been restated to separately disclose the net profit arising from the discontinued Commercial fats and oils business. Further information is set out in note 1(m), note 4 and note 13.

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

Balance Sheets

As at 30 June 2009

		Consolidated		Company	
	Notes	2009 \$m	2008 \$m	2009 \$m	2008 \$m
Assets					
Current assets					
Cash and cash equivalents	9	65.4	39.3	–	–
Trade and other receivables	10	275.6	290.4	–	3.4
Inventories	11	130.6	201.0	–	–
Derivative financial instruments	12	0.7	13.0	–	–
Current tax receivables		8.2	22.1	6.8	–
Other current assets	14	9.5	10.0	0.2	0.7
Assets classified as held for sale	13	140.8	–	–	–
Total current assets		630.8	575.8	7.0	4.1
Non-current assets					
Receivables	15	5.1	–	725.3	592.7
Derivative financial instruments	12	1.6	10.6	–	–
Other investments	16	–	–	2,088.4	2,088.4
Property, plant and equipment	17	492.7	527.8	–	–
Deferred tax assets	18	99.4	83.8	8.7	14.4
Intangible assets	19	1,866.2	1,885.1	–	–
Other non-current assets	20	1.4	2.5	–	–
Total non-current assets		2,466.4	2,509.8	2,822.4	2,695.5
Total assets		3,097.2	3,085.6	2,829.4	2,699.6
Liabilities					
Current liabilities					
Trade and other payables	22	284.2	283.2	18.4	3.4
Borrowings	23	1.3	171.9	–	–
Derivative financial instruments	12	36.4	6.0	–	–
Current tax liabilities		5.4	11.3	–	7.1
Provisions	25	52.3	68.1	–	–
Liabilities classified as held for sale	13	6.9	–	–	–
Total current liabilities		386.5	540.5	18.4	10.5
Non-current liabilities					
Payables	26	–	1.0	–	–
Borrowings	27	1,063.5	910.8	–	–
Deferred tax liabilities	28	11.0	25.4	5.5	5.5
Provisions	29	7.7	7.6	–	–
Derivative financial instruments	12	7.6	0.7	–	–
Total non-current liabilities		1,089.8	945.5	5.5	5.5
Total liabilities		1,476.3	1,486.0	23.9	16.0
Net assets		1,620.9	1,599.6	2,805.5	2,683.6
Equity					
Contributed equity	30	1,771.9	1,740.8	2,614.2	2,584.6
Reserves	31(a)	(214.0)	(186.6)	–	–
Retained profits	31(b)	53.3	37.3	191.3	99.0
Total equity attributable to equity holders of the Company		1,611.2	1,591.5	2,805.5	2,683.6
Minority interests		9.7	8.1	–	–
Total equity		1,620.9	1,599.6	2,805.5	2,683.6

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 2009

	Notes	Consolidated		Company	
		2009 \$m	2008 \$m	2009 \$m	2008 \$m
Foreign exchange translation differences	31	13.2	(119.6)	–	–
Changes in the fair value of cash flow hedges, net of tax	31	(40.6)	(11.4)	–	–
Net expense recognised directly in equity		(27.4)	(131.0)	–	–
Profit for the year		182.7	31.5	251.3	254.0
Total recognised income and expense for the year		155.3	(99.5)	251.3	254.0
Attributable to:					
Equity holders of Goodman Fielder Limited		149.7	(103.3)	251.3	254.0
Minority interests		5.6	3.8	–	–
Total recognised income and expense for the year		155.3	(99.5)	251.3	254.0

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

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

Statements of Cash Flows

For the year ended 30 June 2009

	Notes	Consolidated		Company	
		2009 \$m	2008 \$m	2009 \$m	2008 \$m
Cash flows from operating activities					
Receipts from customers		3,011.1	2,846.7	–	–
Payments to suppliers and employees		(2,601.7)	(2,501.2)	–	–
Interest received		3.9	1.9	–	–
Interest paid		(87.6)	(81.6)	–	–
Income taxes paid		(40.6)	(55.2)	–	–
Net cash inflow from operating activities	42	285.1	210.6	–	–
Cash flows from investing activities					
Payment for subsidiaries, net of cash acquired	38	–	(78.5)	–	–
Payments for property, plant and equipment		(93.6)	(68.1)	–	–
Payment for business acquired	38	–	(11.4)	–	–
Proceeds from sale of property, plant and equipment		19.3	36.2	–	–
Proceeds from sale of brands		9.4	–	–	–
Dividends received		–	–	221.5	285.9
Net cash (outflow)/inflow from investing activities		(64.9)	(121.8)	221.5	285.9
Cash flows from financing activities					
Repayment of intercompany borrowings		–	–	(92.1)	(107.0)
Proceeds from borrowings		758.6	909.7	–	–
Repayment of borrowings		(814.8)	(856.3)	–	–
Finance lease payments		(1.5)	–	–	–
Dividends paid (net of Dividend Reinvestment Plan)	32	(129.4)	(178.9)	(129.4)	(178.9)
Dividends paid to outside equity interests		(5.1)	–	–	–
Payment of deferred consideration		(3.3)	(3.3)	–	–
Net cash outflow from financing activities		(195.5)	(128.8)	(221.5)	(285.9)
Net increase/(decrease) in cash and cash equivalents		24.7	(40.0)	–	–
Cash and cash equivalents at the beginning of the financial year		39.3	85.8	–	–
Effects of exchange rate changes on cash and cash equivalents		1.4	(6.5)	–	–
Cash and cash equivalents at end of year	9	65.4	39.3	–	–

Non-cash financing activities 43

The above statements of cash flows 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 26 August 2009.

(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 (IFRS) and interpretations adopted by the International Accounting Standards Board.

(ii) 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.

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

(iii) Accounting judgements, estimates and assumptions

The preparation of financial statements in conformity with Australian equivalents to International Financial Reporting Standards (AIFRS) 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, the following relationships were established:

- Goodman Fielder Limited (GFL) 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.

These relationships reflect the requirements of AASB 3 that in situations where a number of existing entities are combined with a new entity, an existing entity shall be deemed to be the acquirer, subject to consideration of factors such as relative fair values of the entities involved in the transaction. This is commonly referred to as a reverse acquisition.

The impact on equity of treating the formation of the Group as a reverse acquisition is discussed in more detail in note 30(c) and (e).

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

(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.

Foreign exchange gains and losses arising from a monetary item receivable from or payable to a foreign operation, the settlement of which is neither planned nor likely in the foreseeable future, are considered to form part of a net investment in a foreign operation and are recognised directly in equity in the foreign currency translation reserve.

(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, the foreign currency translation reserve.

(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 policies, 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 on remeasurement to fair value is recognised immediately in the income statement. However, where derivatives qualify for hedge accounting, recognition of any resultant gain or loss depends on the nature of the item being hedged (refer to (i) and (ii) below).

The fair values of various derivative financial instruments used for hedging purposes are disclosed in note 12. Movements in the hedging reserve in shareholders' equity are shown in note 31. The full fair value of a hedging derivative is classified as a current asset or liability when the remaining maturity of the hedged item is less than 12 months; it is classified as a non-current asset or liability when the remaining maturity of the hedged item is more than 12 months.

(i) Hedge of monetary assets and liabilities

When a derivative financial instrument is used to hedge the foreign exchange exposure of a recognised monetary asset or liability, hedge accounting is not applied and any gain or loss on the hedging instrument is recognised in the income statement.

(ii) Cash flow hedge

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 transferred to the carrying amount of the asset recognised when the hedged item is a non-financial asset. In other cases the amount recognised in equity is transferred to the income statement in the same period or periods during which the hedged forecast transaction affects profit or loss. To the extent that the hedge is ineffective, changes in fair value are recognised in profit or loss.

If the hedged transaction is no longer expected to take place, then the cumulative unrealised gain or loss recognised in the hedge reserve is recognised immediately in the income statement.

(f) Fair value estimation

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

The fair values of financial instruments that are not traded in an active market are determined using valuation techniques. The Group uses a variety of methods and makes assumptions that are based on market conditions existing at each balance date. Other techniques, such as estimated discounted cash flows, are used to determine fair value for the remaining financial instruments. The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows. The fair value of forward exchange contracts is determined using forward exchange market rates at the balance sheet date.

The carrying value less impairment provision of trade receivables is assumed to approximate its fair value due to its short-term nature. The fair value of non-current financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments.

Notes to the Financial Statements continued

1 Summary of significant accounting policies continued

(g) Property, plant and equipment

Property, plant and equipment is stated at cost less accumulated depreciation and any accumulated impairment losses. Leasehold improvements are measured at cost plus any remediation costs.

Land is not depreciated. Depreciation on other assets 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 reporting date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (note 1(j)).

Gains and losses on disposals are determined by comparing proceeds with 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 described in note 1(b). 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

Goodwill represents the difference between the cost of the acquisition and the fair value of the net identifiable assets acquired. In respect of acquisitions that took place in the period, goodwill is provisionally determined based on the preliminary fair value of net identifiable assets acquired. Goodwill recognised on acquisition is subject to change until the allocation of the purchase price to the fair value of net identifiable assets is finalised, not more than 12 months from the date of acquisition. Where the excess is negative, it is recognised immediately in the income statement.

Goodwill is stated at cost less any accumulated impairment losses. Goodwill is allocated to cash-generating units and is not amortised but is tested annually for impairment (see note 1(j)).

(ii) Brand names and licences

Intangible assets are carried at cost less any accumulated amortisation and any impairment losses. Internally generated intangible assets are not capitalised and are expensed in the year in which the expenditure is incurred.

Brand names and licences with indefinite useful lives are tested for impairment annually either individually or at the cash generating unit level. Such intangibles are not amortised. The 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.

(j) Impairment of assets

The carrying amounts of the Group's assets, other than inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated (refer to (i) below).

For goodwill and intangible assets with indefinite useful lives, the recoverable amount is estimated at each reporting date, or more frequently if events or changes in circumstances indicate that the carrying value may be impaired.

An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognised in the income statement.

Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to cash-generating units (group of units) and then, to reduce the carrying amount of the other assets in the unit (group of units) on a pro rata basis.

(i) Calculation of recoverable amount

The recoverable amount of the Group's non-current receivables carried at amortised cost is calculated as the present value of estimated future cash flows, discounted at the original effective interest rate (i.e. the effective interest rate computed at initial recognition of these financial assets). Receivables with a short duration are not discounted.

Impairment of receivables is not recognised until objective evidence is available that a loss event has occurred. Significant receivables are individually assessed for impairment. Impairment testing of significant receivables that are not assessed as impaired individually is performed by placing them into portfolios of significant receivables with similar risk profiles and undertaking a collective assessment of impairment.

Non-significant receivables are not individually assessed. Instead, impairment testing is performed by placing non-significant receivables in portfolios of similar risk profiles, based on objective evidence from historical experience adjusted for any effects of conditions existing at each 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. A cash-generating unit represents the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or group of assets.

(ii) Reversals of impairment

Impairment losses, other than in respect of goodwill, are reversed when there is an indication that the impairment loss may no longer exist and there has been a change in the estimate used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

An impairment loss in respect of goodwill is not reversed.

(k) Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured and there is no continuing management involvement with the goods. The following specific recognition criteria must also be met before revenue is recognised:

(i) Sale of goods

Revenue from sale of goods is measured at the fair value of the consideration received or receivable net of returns, discounts and allowances. Revenue is recognised when the significant risks and rewards of ownership of the goods have passed to the customer and can be measured reliably. Risks and rewards are considered to have passed to the buyer at the time of delivery of the goods to the customer.

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

Deferred tax liabilities are calculated using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: initial recognition of goodwill, the initial recognition of assets or liabilities that is not a business combination and that affects neither accounting nor taxable profit, nor differences relating to investments in subsidiaries and jointly controlled entities to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax liabilities are based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at 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 Limited 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. Goodman Fielder Limited 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.

Notes to the Financial Statements continued

1 Summary of significant accounting policies continued

(l) Income tax continued

(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' intercompany accounts with the tax consolidated group head company, Goodman Fielder Limited.

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) Non-current assets (or disposal groups) held-for-sale and discontinued operations

Non-current assets (or disposal groups) are classified as held-for-sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. They are measured at the lower of their carrying amount and fair value less costs to sell, except for assets such as deferred tax assets, assets arising from employee benefits, financial assets and investment property that are carried at fair value and contractual rights under insurance contracts, which are specifically exempt from this requirement.

An impairment loss is recognised for any initial or subsequent write-down of the asset (or disposal group) to fair value less costs to sell. A gain is recognised for any subsequent increases in fair value less costs to sell of an asset (or disposal group), but not in excess of any cumulative impairment loss previously recognised. A gain or loss not previously recognised by the date of the sale of the non-current asset (or disposal group) is recognised at the date of derecognition.

Non-current assets (including those that are part of a disposal group) are not depreciated or amortised while they are classified as held-for-sale. Interest and other expenses attributable to the liabilities of a disposal group classified as held-for-sale continue to be recognised.

Non-current assets classified as held-for-sale and the assets of a disposal group classified as held-for-sale are presented separately from the other assets in the balance sheets. The liabilities of a disposal group classified as held-for-sale are presented separately from other liabilities in the balance sheets.

A discontinued operation is a component of the entity that has been disposed of or is classified as held-for-sale and that represents a separate major line of business or geographical area of operations, is part of a single coordinated plan to dispose of such a line of business or area of operations, or is a subsidiary acquired exclusively with a view to resale. The results of discontinued operations are presented separately on the face of the income statements. The comparative income statement has been restated to reflect the Commercial fats and oils business classified as a discontinued operation at 30 June 2009.

(n) Leases

Leases in terms of which the Group assumes substantially all the risks and rewards of ownership are classified as finance leases.

Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant period rate of interest on the remaining balance of the liability.

Other leases are operating leases and are not recognised on the Group's balance sheet.

Payments made under operating leases are recognised in the Group's income statement on a straight-line basis over the term of the lease.

(o) Cash and cash equivalents

For 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.

Company dividend payments and receipts are transacted through intercompany accounts.

(p) Trade and other receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost less an allowance for uncollectible amounts.

Other receivables from related or other parties are carried at amortised cost. Interest income, when charged, is recorded on an accrual basis.

The carrying amount of the asset is adjusted for any impairment and the amount of the loss is recognised in the income statement within 'other expenses'. When a trade receivable is uncollectible, it is written off against the allowance account for doubtful debts. Subsequent recoveries of amounts previously written off are credited against 'other expenses' in the income statement. Refer to note 1(j).

The Group regularly enters into a receivables purchase agreement which enables it to securitise selected amounts of its receivables portfolio. The securitised receivable balance is derecognised in the consolidated balance sheet of the Group, when it meets the following criteria.

(i) Derecognition of securitised receivables

Securitised receivables are derecognised when:

- the rights to receive cash flows from the receivable have expired;
- the Group retains the right to receive cash flows from the receivable, but has assumed an obligation to pay them in full without material delay to a third party; or
- the Group has transferred its rights to receive cash flows from the receivable and either (a) has transferred substantially all the risks and rewards of the receivable, or (b) has neither transferred nor retained substantially all the risks and rewards of the receivable, but has transferred control of the receivable.

(q) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on the basis of first-in first-out, or average cost, whichever is the most appropriate for each individual business. The cost of manufactured inventory and work in progress includes applicable variable and fixed factory overhead costs, the latter being allocated on the basis of normal operating capacity. Net realisable value is selling price less costs to sell. Adequate provision is made for slow moving and obsolete inventory.

(r) Interest bearing borrowings

Interest bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest bearing borrowings are stated at amortised cost with any difference between cost and redemption value being recognised in the income statement over the period of the borrowings on an effective interest basis.

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, and gains and losses on hedging instruments that are recognised in the income statement. Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such a time as the assets are substantially ready for their intended use or sale.

(t) Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event and it is probable that an outflow of economic benefits will be required to settle the obligation.

If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to that liability. When discounting is used, the increase in the provision due to the passage of time is recognised as an interest expense.

(i) Workers' compensation

Provisions have been made in respect of all employees in Victoria for all assessed workers' compensation liabilities incurred and both reported and not reported, for the relevant periods of self-insurance based on an independent actuarial assessment plus a prudential margin. The actuarial assessment is based on a number of assumptions including those related to the long-term nature of certain claims, the frequency and value of claims and a discount rate that is based on Australian Commonwealth Government Bond yields. Workers' compensation for all remaining employees is insured commercially in compliance with the relevant schemes.

(ii) Business closure and rationalisation

A business closure and rationalisation provision is recognised when the Group has developed a detailed formal plan for the business closure and rationalisation and has raised a valid expectation in those affected that it will carry out the business closure and rationalisation by starting to implement the plan or announcing its main features to those affected by it. The measurement of a business closure and rationalisation provision includes only the direct expenditures arising from the business closure and rationalisation, which are those amounts that are both necessarily entailed by the business closure and rationalisation and not associated with the ongoing activities of the Group.

(iii) Onerous contracts

Present obligations arising under onerous contracts are recognised and measured as a provision. An onerous contract is considered to exist where the Group has a contract under which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it.

The provision is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract.

(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.

(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) Defined contribution plans

A defined contribution is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution plans are recognised as employee benefits expense in profit or loss when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

(v) Share-based payments

Equity-settled transactions

The Group provides benefits to its employees (including key management personnel) in the form of share-based payments, whereby employees render services in exchange for shares or rights over shares (equity-settled transactions).

The cost of these equity-settled transactions with employees is measured by reference to the fair value of the equity instruments at the date at which they are granted.

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled (the vesting period), ending on the date on which the relevant employees become fully entitled to the award (the vesting date).

At each subsequent reporting date until vesting, the cumulative charge to the income statement is the product of:

- (i) the grant date fair value of the award;
- (ii) the current best estimate of the number of awards that will vest, taking into account such factors as the likelihood of employee turnover during the vesting period and the likelihood of non-market performance conditions being met; and
- (iii) the expired portion of the vesting period.

The charge to the income statement for the period is the cumulative amount as calculated above less the amounts already charged in previous periods. There is a corresponding entry to equity.

Until an award has vested, any amounts recorded are contingent and will be adjusted if more or fewer awards vest than were originally anticipated to do so.

(w) Contributed equity

Ordinary shares are classified as equity. Transaction costs of an equity transaction are accounted for as a deduction from equity, net of any related income tax benefit.

(x) Earnings per share

(i) Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the company, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year.

(ii) Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

(y) Dividends

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

(z) Financial guarantee contracts

Financial guarantee contracts are recognised as a financial liability at the time the guarantee is issued. The liability is initially measured at fair value and subsequently at the higher of the amount determined in accordance with AASB 137 *Provisions, Contingent Liabilities and Contingent Assets* and the amount initially recognised less cumulative amortisation, where appropriate.

The fair value of financial guarantees is determined as the present value of the difference in net cash flows between the contractual payments under the debt instrument and the payments that would be required without the guarantee, or the estimated amount that would be payable to a third party for assuming the obligations.

Where guarantees in relation to loans or other payables of subsidiaries or associates are provided for no compensation, the fair values are accounted for as contributions and recognised as part of the cost of the investment.

(aa) Goods and services tax (GST)

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the taxation authority. In this case it is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the taxation authority is included within other receivables or other payables in the 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.

(ab) Prior year comparatives

Prior year comparatives for certain items of expenses have been reclassified between categories to more appropriately reflect income statement classifications. As a result, in the consolidated income statement, \$0.5 million of foreign currency losses not related to borrowings have been reclassified from 'net financing costs' to 'other expenses'. This is also reflected in the Company's income statement for the amount of \$0.1 million.

(ac) Rounding of amounts

The Company is of a kind referred to in Class Order 98/100 dated 10 July 1998, issued by the Australian Securities and Investments Commission, relating to the 'rounding off' of amounts in the financial report. In accordance with that Class Order, amounts in the financial report have been rounded off to the nearest tenth of a million dollars, unless otherwise stated.

(ad) New accounting standards and interpretations not yet adopted

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 2009, but have not been applied in preparing this financial report:

(i) AASB 8 Operating Segments and AASB 2007-3 Amendments to Australian Accounting Standards arising from AASB 8 (effective from 1 January 2009)

AASB 8 and AASB 2007-3 are effective for annual reporting periods commencing on or after 1 January 2009. AASB 8 will result in a significant change in the approach to segment reporting, as it requires adoption of a 'management approach' to reporting on the financial performance. The information being reported will be based on what the key decision-makers use internally for evaluating segment performance and deciding how to allocate resources to operating segments. Application of AASB 8 may result in different segments, segment results and different types of information being reported in the segment note of the financial report. It is not expected to affect any of the amounts recognised in the financial statements.

(ii) Revised AASB 101 Presentation of Financial Statements (effective from 1 January 2009)

The September 2007 revised AASB 101 requires the presentation of a statement of comprehensive income and makes changes to the statement of changes in equity, but will not affect any of the amounts recognised in the financial statements. If an entity has made a prior period adjustment or has reclassified items in the financial statements, it will need to disclose a third balance sheet (statement of financial position), this one being as at the beginning of the comparative period. The Group will apply the revised standard from 1 July 2009. The adoption of the new standard is not expected to have a significant impact on the presentation of the consolidated financial statements.

(iii) AASB 2008-1 Amendments to Australian Accounting Standard – Share-based Payments: Vesting Conditions and Cancellations (effective from 1 January 2009)

AASB 2008-1 clarifies that vesting conditions are service conditions and performance conditions only and that other features of a share-based payment are not vesting conditions. It also specifies that all cancellations, whether by the entity or by other parties, should receive the same accounting treatment. The Group will apply the revised standard from 1 July 2009, but, it is not expected to affect the accounting for the Group's share-based payments.

(iv) Revised AASB 3 Business Combinations, AASB 127 Consolidated and Separate Financial Statements and AASB 2008-3 Amendments to Australian Accounting Standards arising from AASB 3 and AASB 127 (effective 1 July 2009)

The revised AASB 3 continues to apply the acquisition method to business combinations, but with some significant changes. For example, all payments to purchase a business are to be recorded at fair value at the acquisition date, with contingent payments classified as debt subsequently remeasured through the income statements. There is a choice on an acquisition-by-acquisition basis to measure the non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets. All acquisition-related costs must be expensed. This is different to the Group's current policy which is set out in note 1(h) above.

The revised AASB 127 requires the effects of all transactions with non-controlling interests to be recorded in equity if there is no change in control and these transactions will no longer result in goodwill or gains and losses see note 1(b). The standard also specifies the accounting when control is lost. Any remaining interest in the entity is remeasured to fair value, and a gain or loss is recognised in the Group's income statement. This is consistent with the Group's current accounting policy if significant influence is not retained.

The Group will apply the revised standards prospectively to all business combinations and transactions with non-controlling interests from 1 July 2009.

(v) AASB 2008-5 Amendments to Australian Accounting Standards arising from the Annual Improvements Project (effective from 1 January 2009)

In July 2008, the AASB issued a number of improvements to existing Australian Accounting Standards resulting in minor changes for presentation, disclosure, recognition and measurement purposes.

The Group will adopt an amendment to AASB 138 *Intangible Assets* retrospectively from 1 July 2009. As a result of this amendment, direct marketing costs are required to be expensed when contracted services have been delivered or completed. It is expected that this will result in a decrease in retained earnings by \$4.5m on 1 July 2009.

As for the other amendments in the standard, it is not expected to have a material impact on the Group's financial statements.

(vi) AASB 2008-7 Amendments to Australian Accounting Standards – Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate (effective 1 July 2009)

In July 2008, the AASB approved amendments to AASB 1 *First-time Adoption of International Financial Reporting Standards* and AASB 127 *Consolidated and Separate Financial Statements*. The Group will apply the revised rules prospectively from 1 July 2009. After that date, all dividends received from investments in subsidiaries, jointly controlled entities or associates will be recognised as revenue, even if they are paid out of pre-acquisition profits, but the investments may need to be tested for impairment as a result of the dividend payment. Under the entity's current policy, these dividends are deducted from the cost of the investment. Furthermore, when a new intermediate parent entity is created in internal reorganisations it will measure its investment in subsidiaries at the carrying amounts of the net assets of the subsidiary rather than the subsidiary's fair value.

Notes to the Financial Statements continued

1 Summary of significant accounting policies continued

(ad) New accounting standards and interpretations not yet adopted continued

(vii) AASB Interpretation 16 Hedges of a Net Investment in a Foreign Operation (effective 1 October 2008)

AASB-I 16 clarifies which foreign currency risks qualify as hedged risk in the hedge of a net investment in a foreign operation and that hedging instruments may be held by any entity or entities within the group. It also provides guidance on how an entity should determine the amounts to be reclassified from equity to the Group's income statement for both the hedging instrument and the hedged item. The Group will apply the interpretation prospectively from 1 July 2009. The Group has not yet determined the potential effect of the interpretation.

(viii) AASB 2008-8 Amendment to IAS 39 Amendment to Australian Accounting Standards – Eligible Hedged Items (effective 1 July 2009)

AASB 2008-8 amends AASB 139 *Financial Instruments: Recognition and Measurement* and must be applied retrospectively in accordance with AASB 108 *Accounting Policies, Changes in Accounting Estimates and Errors*. The amendment makes two significant changes. It prohibits designating inflation as a hedgeable component of a fixed-rate debt. It also prohibits including time value in the one-sided hedged risk when designating options as hedges. The Group will apply the amended standard from 1 July 2009. It is not expected to have a material impact on the Group's financial statements.

The Group and the Company hold the following financial instruments:

2 Financial risk management

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

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

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

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

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.

	Consolidated		Company	
	2009 \$m	2008 \$m	2009 \$m	2008 \$m
Financial assets				
Cash and cash equivalents	65.4	39.3	–	–
Trade and other receivables	280.7	290.4	725.3	596.1
Derivative financial instruments	2.3	23.6	–	–
	348.4	353.3	725.3	596.1
Financial liabilities				
Trade and other payables	284.2	284.2	18.4	3.4
Borrowings	1,064.8	1,082.7	–	–
Derivative financial instruments	44.0	6.7	–	–
	1,393.0	1,373.6	18.4	3.4

(a) Credit risk

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

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

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

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

In relation to financial institutions, the Group allocates a credit limit based on external credit ratings. The counterparty's total outstanding transactions with the Group including cash deposits, derivatives and undrawn funding commitments must not exceed this credit limit without Board approval. Transactions involving derivatives are with counterparties with whom the Group has a signed netting arrangement.

The carrying amount of the Group's financial assets represents the maximum credit exposure as summarised above.

The Group's maximum exposure to credit risk for trade receivables at the reporting date by geographic region is detailed in note 10(a).

(b) Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as and when they become due and payable. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when they become due and payable, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation. The Group uses a combination of bank overdrafts, bank loans, debt facilities and derivatives to ensure continuity of funding while also maintaining sufficient flexibility to enable it to minimise its financing costs.

The Group manages its cash balances on a daily basis based on quarterly forecast cash projections provided by each operating division. The Group uses overdraft facilities, uncommitted overnight borrowings and committed debt facilities to facilitate this process.

It is Group policy that there must be sufficient unused committed debt facilities to cover the next 12 months forecast funding requirements. To the extent possible, the Group attempts to spread its committed debt maturity profile so that significant portions of debt facilities do not mature in any 12 month period to avoid debt concentration and refinancing risk.

Notes to the Financial Statements continued

2 Financial risk management continued

(b) Liquidity risk continued

Maturities of financial liabilities

The following table details the Group's contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements, as at the reporting date:

	1 year or less \$m	Over 1 to 5 years \$m	Over 5 years \$m	Total contractual cash flows \$m	Carrying amount (assets)/ liabilities \$m
2009					
Trade and other payables	284.2	–	–	284.2	284.2
Borrowings	31.5	1,093.1	–	1,124.6	1,064.8
Commodity derivatives	17.7	–	–	17.7	–
Foreign exchange derivatives					
– (inflow)	(126.2)	–	–	(126.2)	–
– outflow	135.5	–	–	135.5	9.3
Interest rate derivatives	27.7	53.9	3.6	85.2	32.4
	370.4	1,147.0	3.6	1,521.0	1,390.7
2008					
Trade and other payables	283.2	1.0	–	284.2	284.2
Borrowings	257.3	1,044.5	–	1,301.8	1,082.7
Commodity derivatives	24.6	–	–	24.6	–
Foreign exchange derivatives					
– (inflow)	(201.5)	(1.4)	–	(202.9)	–
– outflow	207.6	1.4	–	209.0	5.2
Interest rate derivatives	(13.9)	(20.4)	–	(34.3)	(22.1)
	557.3	1,025.1	–	1,582.4	1,350.0

All foreign exchange and interest rate derivatives are designated as cash flow hedges. The impact on income statement associated with these cash flows are identical to the maturities presented above.

To provide continued liquidity in respect of upcoming committed debt maturities, the Group expects to refinance its A\$700.0m Senior Unsecured Credit Facility in the six months to 31 December 2009. Furthermore, the Group will continue the dividend reinvestment plan for the final dividend which is expected to raise an additional A\$40m of capital.

(c) Market risk

Market risk is the risk that changes in market prices, such as commodity prices, foreign exchange rates and interest rates, will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on risk.

To manage the volatility relating to these risks, the Group takes advantage of natural offsets to the extent possible. In appropriate circumstances and where the Group is unable to naturally offset its exposure to these risks, the Group enters into derivative contracts including interest rate swaps, commodity futures/options and swap contracts and forward currency contracts to manage these exposures.

(i) Foreign currency risk

The Group predominantly operates in Australia, New Zealand, Asia and the Pacific Islands. A significant portion of the Group's revenues, expenditures and cash flows are generated, and assets and liabilities are located in New Zealand. Furthermore a significant portion of the Group's commodity purchases are denominated in US dollars. As a result, the Group is exposed to foreign currency risks arising from movements in foreign currency exchange rates.

The Group reports in Australian dollars. Movements in foreign currency exchange rates affect reported financial results, financial position and cash flows. Where practical, the Group attempts to reduce this risk by matching revenues and expenditures, as well as assets and liabilities, by country and by currency. Additionally, where practical and within Board approved policies, the Group enters into foreign currency forward contracts to manage its foreign currency exposures.

It is Group policy that hedging, as a percentage of net foreign exchange rate exposure, be maintained within an upper and lower limit. There are further controls around the cumulative amount of hedging that can be undertaken within any 30 day period to avoid pricing concentration risk.

The Group hedge accounts for derivatives that hedge foreign currency risk. This results in 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. No cash flow hedges relating to foreign currency derivatives were deemed ineffective during the year.

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

	Consolidated	
	2009	2008
New Zealand dollar	1.2513	1.2609
United States dollar	0.8021	0.9584
Papua New Guinea kina	2.0942	2.4991
Fiji dollar	1.6493	1.4360
Central Pacific franc	68.39	72.57

Notes to the Financial Statements continued

2 Financial risk management continued

(c) Market risk continued

The Group's exposure to foreign currency risk at the reporting date was as follows:

	NZD \$m	USD \$m	PGK \$m	FJD \$m	XPF \$m	Other \$m
2009						
Cash and cash equivalents	9.8	0.5	16.1	4.7	2.2	5.1
Trade and other receivables	51.4	6.1	11.6	7.3	3.7	9.7
Trade and other payables	(82.0)	(1.1)	(4.0)	(5.7)	(2.0)	(5.9)
Borrowings	(460.4)	–	–	–	(0.5)	–
Forward exchange contracts						
– buy foreign currency	0.8	106.9	–	–	–	1.2
– sell foreign currency	(25.6)	(14.9)	(0.8)	–	(0.1)	–
2008						
Cash and cash equivalents	11.8	1.3	7.2	2.5	0.8	2.2
Trade and other receivables	66.3	3.0	8.7	7.5	4.1	8.2
Trade and other payables	(70.9)	(17.3)	(9.8)	(3.9)	(3.0)	(3.5)
Borrowings	(529.4)	–	–	(3.7)	(0.9)	(0.6)
Forward exchange contracts						
– buy foreign currency	0.4	173.4	–	–	–	1.0
– sell foreign currency	(3.7)	–	(0.7)	(1.8)	–	(1.0)

(ii) Commodity price risk

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

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

The Group hedge accounts for derivatives that hedge commodity price risk. This results in changes in fair value arising from effective cash flow or fair value hedges being reported in equity, through the hedge reserve. Any portion of change in fair value of cash flow or fair value hedges which are deemed ineffective under hedge accounting are reported in the income statement. The Company is not exposed to commodity price risk.

(iii) Interest rate risk

The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's long-term debt obligations with a floating interest rate.

The Group's policy is to limit its exposure to the variability in cash flows associated with floating interest rate movements. The Group enters into interest rate swaps, in which the Group agrees to exchange, at specified intervals, the difference between fixed and variable rate interest amounts calculated by reference to an agreed-upon notional principal amount.

To the extent possible, the Group hedge accounts its interest rate swaps as 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. No interest rate swaps relating to the Group's long-term debt obligation were deemed ineffective. In 2008, the Group closed out an interest rate hedge, and a gain of \$4.7m was recognised in the income statement as the underlying hedged transaction was no longer forecast to occur.

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

	30 June 2009 Weighted average interest rate		30 June 2008 Weighted average interest rate	
	%	\$m	%	\$m
Cash and cash equivalents	3.01	65.4	5.33	39.3
Bank loans	5.01	(0.5)	8.29	(4.7)
Unsecured bank facility	3.81	(1,062.6)	8.78	(1,078.0)
Lease liabilities	3.46	(1.7)	–	–
Interest rate swaps (notional principal amounts)				
– Receive floating rate	3.05	1,216.0	8.37	908.4
– Pay fixed rate	6.06	(1,248.4)	6.54	(886.9)
Net exposure to cash flow interest rate risk		(1,031.8)		(1,021.9)

The Company is not exposed to cash flow interest rate risk.

(iv) Summarised sensitivity analysis

The following table summarises the sensitivity of the Group's financial assets and financial liabilities to foreign currency risk, interest rate risk and commodity price risk.

	Foreign currency risk ⁽¹⁾				Interest rate risk ⁽²⁾				Commodity price risk ⁽³⁾			
	–10%		+10%		–100bps		+100bps		–10%		+10%	
	Profit \$m	Equity \$m	Profit \$m	Equity \$m	Profit \$m	Equity \$m	Profit \$m	Equity \$m	Profit \$m	Equity \$m	Profit \$m	Equity \$m
2009												
Cash and cash equivalents	–	4.3	–	(3.5)	(0.6)	–	0.6	–	–	–	–	–
Trade and other receivables	0.5	9.4	(0.5)	(7.7)	–	–	–	–	–	–	–	–
Derivative financial instruments	–	5.7	–	(4.6)	–	(24.7)	–	23.7	–	(3.0)	–	3.0
Trade payables	–	(11.2)	–	9.1	0.2	–	(0.2)	–	–	–	–	–
Borrowings ⁽⁴⁾	–	(51.2)	–	41.9	2.3	–	(2.3)	–	–	–	–	–
Total increase/(decrease)	0.5	(43.0)	(0.5)	35.2	1.9	(24.7)	(1.9)	23.7	–	(3.0)	–	3.0

	Foreign currency risk ⁽¹⁾				Interest rate risk ⁽²⁾				Commodity price risk ⁽³⁾			
	–10%		+10%		–100bps		+100bps		–10%		+10%	
	Profit \$m	Equity \$m	Profit \$m	Equity \$m	Profit \$m	Equity \$m	Profit \$m	Equity \$m	Profit \$m	Equity \$m	Profit \$m	Equity \$m
2008												
Cash and cash equivalents	–	2.9	–	(2.3)	(0.5)	–	0.5	–	–	–	–	–
Trade and other receivables	–	11.2	–	(9.2)	–	–	–	–	–	–	–	–
Derivative financial instruments	–	16.9	–	(13.8)	–	(15.0)	–	15.0	(0.8)	–	0.8	–
Trade payables	–	(12.0)	–	9.9	0.2	–	(0.2)	–	1.6	–	(1.6)	–
Borrowings	–	(59.2)	–	48.6	3.6	–	(3.6)	–	–	–	–	–
Total increase/(decrease)	–	(40.2)	–	33.2	3.3	(15.0)	(3.3)	15.0	0.8	–	(0.8)	–

(1) The foreign currency sensitivity above represents a 10% decrease and increase in spot foreign exchange rates.

(2) The interest rate sensitivity above represents a 100 basis point decrease and increase in variable interest rates after reflecting year end hedge positions.

(3) The commodity price sensitivity above represents a 10% decrease or increase in spot commodity prices.

(4) The interest rate sensitivity for borrowings includes the impact of interest rate swaps.

(d) Capital management

The Board's target is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The primary capital management measures assessed by the Board are the return on capital employed, the dividend payout ratio and the debt to capital ratio.

The Board monitors the return on capital employed, which the Group defines as reported EBIT (Earnings Before Interest and Tax) divided by capital employed. The Group's target is to achieve a return on capital in excess of 15% over a rolling 12 month period.

Notes to the Financial Statements continued

2 Financial risk management continued

(d) Capital management continued

The Board also monitors the level of dividends to ordinary shareholders. The Group's target is to achieve a payout ratio of 80%. The payout ratio is defined as total dividends paid divided by profit for the year.

The Board seeks to maintain an interest cover ratio of at least four times EBITDA (Earnings Before Interest, Tax, Depreciation and Amortisation). Interest cover is defined as EBITDA divided by total financing costs.

During the year, the Company issued 30.1m new ordinary shares pursuant to its dividend reinvestment plan. Further details are set out in note 30.

(e) Fair value estimation

The carrying amounts of cash and cash equivalents, trade and other receivables, trade and other payables and borrowings approximate their fair value.

The fair value of forward exchange contracts is estimated by discounting the difference between the contractual forward rates and the current forward rate for the residual maturity of the contract using a market interest rate.

The fair value of interest rate swaps is based on discounting estimated future cash flows based on the terms and maturity of each contract and using a market interest rate for a similar instrument at measurement date.

The fair value of commodity price derivatives is estimated by discounting the difference between contractual forward prices and the current price for the residual maturity of the contract using a market interest rate.

3 Accounting judgements, estimates and assumptions

Estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed at each reporting period. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period; or in the period of the revision and future periods if the revision affects both current and future periods. The exception to this is revisions in respect of fair value accounting for acquisitions discussed below.

The estimates, assumptions and judgements that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

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

The Group determines whether goodwill and intangibles with indefinite useful lives are impaired at each reporting period. This requires an estimation of the recoverable amount of the cash-generating units 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 19.

(ii) 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 to note 38 'Business combinations'.

(iii) Utilisation of tax losses/credits

The Group is subject to income taxes in Australia and jurisdictions where it has foreign operations. Significant judgement is required in determining the worldwide income tax provision and receivable. The Group has recognised an income tax receivable relating to carried forward tax losses, foreign investor tax credits and tax prepayment in prior years to the extent there are sufficient taxable temporary differences relating to the same taxation authority and the same subsidiary against which the unused tax losses can be utilised. Utilisation of tax losses also depends on the ability of the entity to satisfy certain tests at the time the losses are recouped. The total carry forward tax receivable that is subject to the shareholder continuity test is expected to be utilised in two years and the total receivable is expected to be utilised in five years.

(iv) Financial instruments

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

4 Segment information

(a) Description of segments

The primary reporting format for the Group is business segments.

Changes in segment information

Following an internal re-organisation of the Export business between Commercial and Asia Pacific during the year, the Group's business segments were revised to better reflect the nature of the management of the Group's underlying business.

The comparatives in business segments have been restated to reflect the revised business segments with \$78.9m external sales, \$3.9m intersegment sales, \$4.2m EBIT, \$45.9m assets and \$2.6m liabilities related to Export business transferred from Commercial to Asia Pacific.

The comparatives in geographical segments have also been restated to reflect the revised business segments with \$65.0m external sales related to Export business transferred from Australia (\$58.0m) and New Zealand (\$7.0m) to Asia Pacific.

In the prior year, interest bearing liabilities were allocated to segments on the basis of intercompany borrowings within each segment. In the current year, in accordance with AASB 114 *Segment Reporting*, these liabilities have not been allocated to segments on the basis that disclosure as Corporate liabilities better reflects the nature of these balances. Comparative segment liabilities and unallocated liabilities have been reclassified by \$1,219.1m, to achieve consistency with current year segment disclosures.

Other reclassifications have been recognised in relation to intersegment assets and liabilities to achieve consistency with current financial year segment disclosures.

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 milk, specialty cheese, culture products and smallgoods.

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, biscuits, dressings, mayonnaise and frozen pastry.

The Asia Pacific region is a leading manufacturer and supplier of oil, flour, stockfeed, processed chicken and snack foods in China, Papua New Guinea, Fiji and New Caledonia. The Group 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.

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 Company. 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, Fresh Dairy, Home Ingredients and Commercial business segments operate in this country.

Asia Pacific

Comprises operations carried on in China, Papua New Guinea, Fiji, New Caledonia, Hong Kong, Malaysia and the Philippines. The Asia Pacific business segment operates in these countries.

Notes to the Financial Statements continued

4 Segment information continued

(b) Primary reporting format – business segments

2009	Fresh Baking \$m	Fresh Dairy \$m	Home Ingredients \$m	Asia Pacific \$m	Commercial \$m	Total continuing operations \$m	Discontinued operation (note 13) \$m	Consolidated \$m
Segment revenue								
Sales to external customers	983.9	448.5	529.4	344.2	165.3	2,471.3	377.3	2,848.6
Intersegment sales (note (4)(d)(ii))	16.1	9.6	2.4	4.7	256.0	288.8	140.8	429.6
Total segment revenue	1,000.0	458.1	531.8	348.9	421.3	2,760.1	518.1	3,278.2
Intersegment elimination						(288.8)	(140.8)	(429.6)
Other income *						24.1	0.7	24.8
Consolidated revenue						2,495.4	378.0	2,873.4
Segment result								
EBIT before restructure costs	118.7	35.1	101.6	48.7	17.4	321.5	24.5	346.0
Restructure costs	(6.8)	(2.3)	–	–	–	(9.1)	(0.6)	(9.7)
Segment EBIT	111.9	32.8	101.6	48.7	17.4	312.4	23.9	336.3
Net interest expense						(90.7)	–	(90.7)
Net unallocated expenses						(16.8)	–	(16.8)
Profit before income tax						204.9	23.9	228.8
Income tax expense						(40.5)	(5.6)	(46.1)
Profit for the year						164.4	18.3	182.7
Segment assets and liabilities								
Segment assets	1,334.2	578.9	401.8	291.7	214.4	2,821.0	140.8	2,961.8
Intersegment elimination						(52.7)	–	(52.7)
Unallocated assets						188.1	–	188.1
Total assets						2,956.4	140.8	3,097.2
Segment liabilities	122.0	60.6	46.7	55.8	78.4	363.5	6.9	370.4
Intersegment elimination						(44.8)	–	(44.8)
Unallocated liabilities						1,150.7	–	1,150.7
Total liabilities						1,469.4	6.9	1,476.3
Other segment information								
Depreciation and amortisation expense	21.7	10.8	7.1	3.8	4.0	47.4	6.8	54.2
Unallocated						1.3	–	1.3
Total depreciation and amortisation						48.7	6.8	55.5
Capital expenditure	41.9	7.7	17.6	2.5	4.1	73.8	8.8	82.6
Unallocated						17.1	–	17.1
Total capital expenditure						90.9	8.8	99.7

* Included in segment EBIT and disclosed within 'other income' in the segment disclosure above is a net gain of \$11.9m arising from the disposal of Fresh Baking, Fresh Dairy and Asia Pacific property, plant and equipment and a net gain of \$9.4m arising from the disposal of Home Ingredients New Zealand brands.

2008	Fresh Baking \$m	Fresh Dairy \$m	Home Ingredients \$m	Asia Pacific \$m	Commercial \$m	Total continuing operations \$m	Discontinued operation (note 13) \$m	Consolidated \$m
Segment revenue								
Sales to external customers	995.1	469.9	424.6	275.2	152.7	2,317.5	357.9	2,675.4
Intersegment sales (note (4)(d)(ii))	13.3	8.9	–	3.9	222.4	248.5	121.4	369.9
Total segment revenue	1,008.4	478.8	424.6	279.1	375.1	2,566.0	479.3	3,045.3
Intersegment elimination						(248.5)	(121.4)	(369.9)
Other income*						18.6	4.2	22.8
Consolidated revenue						2,336.1	362.1	2,698.2
Segment result								
EBIT before restructure costs	131.4	34.4	101.3	36.8	22.3	326.2	40.0	366.2
Restructure costs	(11.1)	(0.6)	(2.6)	–	–	(14.3)	(12.6)	(26.9)
Impairment charge	–	(170.0)	–	–	–	(170.0)	–	(170.0)
Segment EBIT	120.3	(136.2)	98.7	36.8	22.3	141.9	27.4	169.3
Net interest expense						(79.7)	–	(79.7)
Net unallocated expenses						(17.8)	–	(17.8)
Profit before income tax						44.4	27.4	71.8
Income tax expense						(35.5)	(4.8)	(40.3)
Profit for the year						8.9	22.6	31.5
Segment assets and liabilities**								
Segment assets	1,338.7	585.5	657.5	279.6	143.7	3,005.0	–	3,005.0
Intersegment elimination						(49.1)	–	(49.1)
Unallocated assets						129.7	–	129.7
Total assets						3,085.6	–	3,085.6
Segment liabilities	129.1	52.4	54.4	63.8	94.2	393.9	–	393.9
Intersegment elimination						(45.8)	–	(45.8)
Unallocated liabilities						1,137.9	–	1,137.9
Total liabilities						1,486.0	–	1,486.0
Other segment information								
Depreciation and amortisation expense	22.2	8.3	3.1	2.6	5.7	41.9	7.0	48.9
Impairment of goodwill (note 19)	–	170.0	–	–	–	170.0	–	170.0
Capital expenditure	23.6	12.4	1.1	3.0	17.4	57.5	10.6	68.1

* Included in segment EBIT and disclosed within 'other income' in the segment disclosure above is a \$10.1m discount on acquisition arising from the acquisition of Paradise Foods recognised in Home Ingredients, a net gain of \$7.7m arising from the disposal of Fresh Baking property, plant and equipment and a net gain of \$4.2m, included in discontinued operations, arising from the disposal of Commercial property, plant and equipment.

** As per Australian accounting standards, comparative assets and liabilities have not been restated as 'held for sale' for discontinued operations.

Notes to the Financial Statements continued

4 Segment information continued

(c) Secondary reporting format – geographical segments

	Segment revenues from sales to external customers		Segment assets		Capital expenditure	
	2009	2008	2009	2008	2009	2008
	\$m	\$m	\$m	\$m	\$m	\$m
Australia	1,547.5	1,421.8	1,301.7	1,324.6	80.3	44.0
New Zealand	952.4	974.2	1,368.5	1,399.0	16.9	21.0
Asia Pacific	348.7	279.4	291.7	279.6	2.5	3.1
Elimination	–	–	(52.8)	(47.3)	–	–
	2,848.6	2,675.4	2,909.1	2,955.9	99.7	68.1
Unallocated assets			188.1	129.7		
Total assets			3,097.2	3,085.6		

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 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 provisions. Segment assets and liabilities do not include income taxes and borrowings.

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	
	2009 \$m	2008 \$m	2009 \$m	2008 \$m
Net gain on disposal of property, plant and equipment	11.9	7.7	–	–
Net gain on sale of brands	9.4	–	–	–
Net realised foreign exchange gains	1.0	–	–	–
Dividends received from controlled entities	–	–	221.5	234.0
Discount on acquisition through business combination (note 38)	–	10.1	–	–
Other income	1.8	0.8	–	–
	24.1	18.6	221.5	234.0

6 Expenses

	Consolidated		Company	
	2009 \$m	2008 \$m	2009 \$m	2008 \$m
Profit before income tax includes the following specific expenses:				
Depreciation				
Freehold properties	2.7	2.9	–	–
Leasehold properties	1.9	1.0	–	–
Plant and equipment	49.2	44.1	–	–
Leased plant and equipment	0.8	–	–	–
Total depreciation	54.6	48.0	–	–
Amortisation and impairment				
Brand names and licences	0.9	0.9	–	–
Impairment charge – Fresh Dairy New Zealand goodwill	–	170.0	–	–
Total amortisation and impairment	0.9	170.9	–	–
Finance costs/(income)				
Interest and finance charges	94.6	81.5	–	2.6
Interest income	(3.9)	(1.8)	(47.5)	(33.0)
Net financing costs/(income)	90.7	79.7	(47.5)	(30.4)
Net foreign exchange losses	–	0.5	1.1	0.1
Rental expense relating to operating leases	33.5	33.1	–	–
Research and development administration costs	8.1	7.1	–	–
Restructure costs	10.7	27.6	–	–
Employee benefits expense				
Wages and salaries	413.9	401.9	–	–
Annual leave	12.1	13.7	–	–
Defined contribution superannuation expense	11.7	9.7	–	–
Workers' compensation costs	11.9	10.0	–	–
Long service leave	3.1	1.4	–	–
Medical insurance	0.7	0.6	–	–
Termination benefits	1.1	2.0	–	–
Share based payments expense	0.3	1.7	–	–
	454.8	441.0	–	–

Notes to the Financial Statements continued

7 Income tax expense

	Consolidated		Company	
	2009 \$m	2008 \$m	2009 \$m	2008 \$m
(a) Income tax expense				
Current tax	28.6	45.5	8.4	3.6
Deferred tax	19.6	5.3	8.2	9.4
Adjustments for over provision of current tax relating to prior periods	(2.1)	(10.5)	–	(2.7)
	46.1	40.3	16.6	10.3
Income tax expense is attributable to:				
Profit from continuing operations	40.5	35.5	16.6	10.3
Profit from discontinued operations	5.6	4.8	–	–
	46.1	40.3	16.6	10.3
(b) Numerical reconciliation of income tax expense to prima facie tax payable				
Profit before income tax expense	204.9	44.4	267.9	264.3
Profit from discontinuing operations before income tax expense	23.9	27.4	–	–
Profit before income tax	228.8	71.8	267.9	264.3
Tax at the Australian tax rate of 30% (2008: 30%)	68.6	21.5	80.4	79.3
Tax effect of amounts which are not deductible/(assessable) in calculating taxable income:				
Non-assessable income	(15.8)	(22.3)	(66.5)	(70.2)
Non-deductible expenses	7.7	8.1	–	–
Non-deductible impairment charge	–	51.0	–	–
Research and development deductions	(3.3)	(3.7)	–	–
Other	(4.4)	(3.7)	2.7	4.2
Tax losses	(4.4)	–	–	(0.3)
	48.4	50.9	16.6	13.0
Effect of tax rate in foreign jurisdictions	(0.2)	(0.1)	–	–
Adjustments for over provision of current tax relating to prior periods	(2.1)	(10.5)	–	(2.7)
Total income tax expense	46.1	40.3	16.6	10.3
(c) Amounts recognised directly in equity				
Aggregate current and deferred tax arising in the reporting period and not recognised in net profit but directly debited or credited to equity:				
Cash flow hedge derivatives	(13.2)	(1.4)	–	–
Foreign currency translation	(2.5)	(19.9)	–	–
Other	(0.6)	1.0	–	–
	(16.3)	(20.3)	–	–

8 Net tangible asset backing

	Consolidated	
	2009	2008
	\$m	\$m
Net tangible asset backing per ordinary share (from continuing and discontinued operations)	(20.1)	(21.6)

9 Current assets – Cash and cash equivalents

	Consolidated		Company	
	2009	2008	2009	2008
	\$m	\$m	\$m	\$m
Cash at bank and on hand	65.4	39.3	–	–

(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.

(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;
- 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;
- Goodman Fielder New Zealand Limited;
- Goodman Fielder Treasury Pty Limited; and
- Goodman Fielder Consumer Foods Pty Limited.

(c) Bank overdrafts

The Group has access to four committed overdraft facilities to a value of A\$20.4 million, covering its banking operations in Australia, New Zealand, Fiji and New Caledonia. These overdraft facilities were not utilised at 30 June 2009 (2008: unutilised).

10 Current assets – Trade and other receivables

	Consolidated		Company	
	2009	2008	2009	2008
	\$m	\$m	\$m	\$m
Trade receivables	230.5	264.7	–	–
Allowance for doubtful debts	(3.1)	(4.3)	–	–
Receivables due from related parties	1.1	4.0	–	3.4
Receivable due from the sale of property, plant and equipment	13.3	6.6	–	–
Other receivables	33.8	19.4	–	–
	275.6	290.4	–	3.4

Notes to the Financial Statements continued

10 Current assets – Trade and other receivables continued

(a) Credit risk

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

	Gross 2009 \$m	Allowance for doubtful debts 2009 \$m	Gross 2008 \$m	Allowance for doubtful debts 2008 \$m
Not past due	161.9	–	190.0	–
Past due 1–30 days	48.3	–	51.1	–
Past due 31–60 days	13.3	–	16.3	–
Past due 61–90 days	1.6	0.5	2.9	1.0
Past due over 90 days	5.4	2.6	4.4	3.3
	230.5	3.1	264.7	4.3

Movements in the allowance for doubtful debts were as follows:

	Consolidated	
	2009 \$m	2008 \$m
Opening balance	4.3	5.9
Provision for doubtful debts recognised during the year	0.7	0.6
Receivables written off during the year as uncollectable	(1.9)	(2.2)
Closing balance	3.1	4.3

Based on historical trend and expected performance of the customers, the consolidated entity believes that the above allowance for doubtful debts sufficiently covers the risk of defaults.

The Group's maximum exposure to credit risk for trade receivables at the reporting date by geographic region was:

	Consolidated		Company	
	2009 \$m	2008 \$m	2009 \$m	2008 \$m
Australia	141.4	172.8	–	–
New Zealand	55.2	68.0	–	–
Asia Pacific	33.9	23.9	–	–
	230.5	264.7	–	–

(b) Securitisation program

Certain controlled entities in Australia and New Zealand have entered into a receivables purchase agreement which enables them to securitise selected amounts of their receivables portfolio up to a limit of A\$35.0m (2008: A\$33.0m) and NZ\$46.0m (2008: NZ\$50m). At 30 June 2009, A\$35.0m (2008: A\$33.0m) and NZ\$37.3m (2008: NZ\$37.4m) of receivables have been securitised and are not included in the consolidated balance sheet. In accordance with accounting policy note 1(p) the securitised receivables have been de-recognised on the basis that substantially all risks and rewards of the receivables have been transferred to the counterparty including all credit risk with no recourse to the Group.

(c) Fair value

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

11 Current assets – Inventories

	Consolidated		Company	
	2009 \$m	2008 \$m	2009 \$m	2008 \$m
Raw materials	48.9	99.8	–	–
Work in progress	11.1	17.5	–	–
Finished goods	70.6	83.7	–	–
	130.6	201.0	–	–

(a) Inventory expense

Write-downs of inventories to net realisable value recognised as an expense during the year ended 30 June 2009 amounted to \$12.0m (2008: \$11.2m) for the Group. The expense has been included in cost of goods sold in the income statement.

12 Derivative financial instruments

	Consolidated		Company	
	2009 \$m	2008 \$m	2009 \$m	2008 \$m
Current assets				
Interest rate derivatives	–	12.2	–	–
Foreign exchange derivatives	–	0.8	–	–
Commodity price derivatives	0.7	–	–	–
Non-current assets				
Interest rate derivatives	1.6	10.6	–	–
	2.3	23.6	–	–
Current liabilities				
Interest rate derivatives	26.4	–	–	–
Foreign exchange derivatives	9.3	6.0	–	–
Commodity price derivatives	0.7	–	–	–
Non-current liabilities				
Interest rate derivatives	7.6	0.7	–	–
	44.0	6.7	–	–

Notes to the Financial Statements continued

13 Assets and liabilities classified as held for sale and discontinued operation

On 6 May 2009 Goodman Fielder Limited announced its intention to sell the Commercial fats and oils business and initiated an active program to locate a buyer and complete the sale. The Commercial fats and oils business is reported in this financial report as a discontinued operation.

Financial information relating to the discontinued operation for the year is set out below. Further information is set out in note 4 – Segment information.

(a) Assets classified as held for sale

	Consolidated	
	2009 \$m	2008 \$m
Disposal group held for sale		
Inventories	45.3	–
Goodwill	26.9	–
Property, plant and equipment	68.6	–
	140.8	–

Trade debtors have not been separately classified as assets held for sale, as they will be collected by Goodman Fielder.

(b) Liabilities classified as held for sale

	Consolidated	
	2009 \$m	2008 \$m
Disposal group held for sale		
Provision for employee benefits	6.9	–
	6.9	–

Trade creditors have not been separately classified as liabilities held for sale, as they will be paid by Goodman Fielder as and when they fall due.

(c) Financial performance and cash flow information

	Consolidated	
	2009 \$m	2008 \$m
Income statement		
Sale of goods	377.3	357.9
Other income	0.7	4.2
Cost of sales	(315.9)	(284.8)
Warehousing and distribution expenses	(21.3)	(22.0)
Selling and marketing expenses	(7.8)	(7.4)
General and administration expenses	(5.3)	(16.8)
Other expenses	(3.8)	(3.7)
Profit before income tax	23.9	27.4
Income tax expense	(5.6)	(4.8)
Profit from discontinued operations, net of income tax	18.3	22.6
Cash flow information		
Net cash inflow from operating activities	28.8	16.3
Net cash (outflow)/inflow from investing activities	(8.8)	1.8
Net increase in cash generated by the discontinued operation	20.0	18.1

14 Current assets – Other current assets

	Consolidated		Company	
	2009 \$m	2008 \$m	2009 \$m	2008 \$m
Deferred expenditures	–	0.6	–	–
Prepayments	9.5	7.4	–	–
Properties held for sale	–	2.0	–	–
Other current assets	–	–	0.2	0.7
	9.5	10.0	0.2	0.7

15 Non-current assets – Receivables

	Consolidated		Company	
	2009 \$m	2008 \$m	2009 \$m	2008 \$m
Receivables due from related parties	5.1	–	725.3	592.7

Further information relating to loans to related parties and key management personnel is set out in note 37.

16 Non-current assets – Other investments

	Consolidated		Company	
	2009 \$m	2008 \$m	2009 \$m	2008 \$m
Investments in subsidiaries (note 39)	–	–	2,088.4	2,088.4

17 Non-current assets – Property, plant and equipment

	Freehold properties \$m	Leasehold properties \$m	Plant and equipment \$m	Leased plant and equipment \$m	Total \$m
Consolidated					
At 1 July 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
Year ended 30 June 2008					
Opening net book amount	177.4	16.3	298.8	–	492.5
Acquisition through business combinations	13.1	–	58.9	–	72.0
Additions	3.0	0.4	64.7	–	68.1
Disposals	(26.3)	–	(4.6)	–	(30.9)
Category reclassification	(3.0)	0.3	2.7	–	–
Depreciation charge	(2.9)	(1.0)	(44.1)	–	(48.0)
Effects of movements in foreign exchange rates	(10.5)	0.7	(16.1)	–	(25.9)
Closing net book amount	150.8	16.7	360.3	–	527.8
At 30 June 2008					
Cost	185.9	23.6	643.6	–	853.1
Accumulated depreciation	(35.1)	(6.9)	(283.3)	–	(325.3)
Net book amount	150.8	16.7	360.3	–	527.8

Notes to the Financial Statements continued

17 Non-current assets – Property, plant and equipment continued

Consolidated	Freehold properties \$m	Leasehold properties \$m	Plant and equipment \$m	Leased plant and equipment \$m	Total \$m
Year ended 30 June 2009					
Opening net book amount	150.8	16.7	360.3	–	527.8
Additions	18.7	7.5	70.3	3.2	99.7
Disposals	(10.8)	(0.2)	(3.1)	–	(14.1)
Assets classified as held for sale	(25.1)	(0.2)	(43.3)	–	(68.6)
Category reclassification	0.5	0.5	(1.0)	–	–
Transfers from assets held for sale	2.0	–	–	–	2.0
Depreciation charge	(2.7)	(1.9)	(49.2)	(0.8)	(54.6)
Effects of movements in foreign exchange rates	(0.2)	(0.1)	0.8	–	0.5
Closing net book amount	133.2	22.3	334.8	2.4	492.7
At 30 June 2009					
Cost	160.2	30.9	533.0	3.2	727.3
Accumulated depreciation	(27.0)	(8.6)	(198.2)	(0.8)	(234.6)
Net book amount	133.2	22.3	334.8	2.4	492.7

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.

(a) Change in estimates

During the year Fresh Baking, Home Ingredients and Commercial undertook a revision of estimated useful lives of manufacturing plant and equipment. The net effect of the changes in the current financial year was a decrease in depreciation expense for the Group of \$4.5m.

18 Non-current assets – Deferred tax assets

	Consolidated		Company	
	2009 \$m	2008 \$m	2009 \$m	2008 \$m
Recognised deferred tax assets				
Deferred tax assets are attributable to the following:				
Property, plant and equipment	5.5	19.5	–	–
Land and buildings	7.8	–	–	–
Interest bearing loans and borrowings	0.4	0.4	–	–
Employee benefits	15.6	17.2	–	–
Provisions	6.5	11.5	–	–
Capitalised costs recognised in equity	5.5	11.0	5.5	11.0
Consumable stores	0.5	0.4	–	–
Foreign currency recognised in equity	19.1	19.4	–	–
Cash flow hedges recognised in equity	12.4	–	–	–
Tax value of carry-forward tax losses recognised	3.4	3.4	3.2	3.4
Prepaid taxes and foreign tax credits	20.0	–	–	–
Other items	2.7	1.0	–	–
	99.4	83.8	8.7	14.4
Unrecognised deferred tax assets				
Deductible temporary differences	29.5	30.3	–	–

The deductible temporary differences relate to intangibles and land and buildings and do not expire under current tax legislation. Deferred tax assets have not been recognised in respect of these items because it is not probable that future taxable profit will be available against which the consolidated entity can utilise the benefits.

19 Non-current assets – Intangible assets

Consolidated	Goodwill \$m	Brand names and licences \$m	Total \$m
At 1 July 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
Year ended 30 June 2008			
Opening net book amount	1,818.9	381.0	2,199.9
Other acquisitions	1.7	3.2	4.9
Acquisitions through business combination	10.7	9.3	20.0
Reclassification from deferred tax and other assets	12.3	–	12.3
Reallocation of goodwill to brands on finalisation of acquisition accounting	(6.7)	6.7	–
Impairment charge*	(170.0)	–	(170.0)
Amortisation charge	–	(0.9)	(0.9)
Effect of movements in foreign exchange rates	(153.7)	(27.4)	(181.1)
Closing net book amount	1,513.2	371.9	1,885.1
At 30 June 2008			
Gross carrying amount	1,683.2	383.6	2,066.8
Accumulated amortisation and impairment	(170.0)	(11.7)	(181.7)
Net book amount	1,513.2	371.9	1,885.1
Year ended 30 June 2009			
Opening net book amount	1,513.2	371.9	1,885.1
Transfers to assets held for sale	(26.9)	–	(26.9)
Reclassification to deferred tax and other assets	(6.7)	–	(6.7)
Amortisation charge	–	(0.9)	(0.9)
Effect of movements in foreign exchange rates	13.3	2.3	15.6
Closing net book amount	1,492.9	373.3	1,866.2
At 30 June 2009			
Gross carrying amount	1,662.9	385.9	2,048.8
Accumulated amortisation and impairment	(170.0)	(12.6)	(182.6)
Net book amount	1,492.9	373.3	1,866.2

* In 2008, Goodman Fielder wrote down the goodwill of its Fresh Dairy division by A\$170.0m.

The Company has no intangible assets.

Notes to the Financial Statements continued

19 Non-current assets – Intangible assets continued

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

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

	Goodwill \$m	Brands and licences \$m	Total \$m
2009			
Fresh Baking Australia	507.9	123.8	631.7
Fresh Baking New Zealand	315.1	67.7	382.8
Fresh Dairy New Zealand	340.6	99.2	439.8
Home Ingredients Australia	31.8	33.1	64.9
Home Ingredients New Zealand	149.5	12.2	161.7
Asia Pacific	112.6	28.3	140.9
Commercial Australia	–	1.1	1.1
Commercial New Zealand	35.4	7.9	43.3
	1,492.9	373.3	1,866.2

	Goodwill \$m	Brands and licences \$m	Total \$m
2008			
Fresh Baking Australia	509.1	124.5	633.6
Fresh Baking New Zealand	317.9	67.8	385.7
Fresh Dairy New Zealand	337.7	99.0	436.7
Home Ingredients Australia	31.8	33.3	65.1
Home Ingredients New Zealand	148.3	19.9	168.2
Asia Pacific	106.6	26.3	132.9
Commercial Australia	–	1.1	1.1
Commercial New Zealand	61.8	–	61.8
	1,513.2	371.9	1,885.1

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.

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

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

The recoverable amount of a CGU is determined based on value-in-use calculations. These calculations use cash flow projections based on financial budgets approved by the Board.

(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 at each reporting period while other assets are only tested if there is an indicator of impairment.

The recoverable amount of each of the Group's CGUs was based on value-in-use calculations. These calculations utilised cash flow projections for four years based on FY10 budget and a detailed three year plan which has been reviewed and approved by the Board with an appropriate terminal value.

On this basis, the Group determined that the recoverable amount of each CGU exceeds its carrying value, and no impairment was required in FY2009.

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

The growth rate used to extrapolate cash flows beyond the FY10 budget period and three year forecast for all CGUs is 3.0% (2008: 3.0%). The growth rate does not exceed the long-term growth rate for any of the CGUs, and is consistent with forecasts included in industry reports.

In performing the value-in-use calculations for each CGU, the Group has applied post-tax discount rates of 8.5% (2008: 9.75%) to discount the forecast future attributable post-tax cash flows. The imputed pre-tax discount rate for each CGU is in the range 10.4% to 11.0% (2008: 12.1% to 12.7%).

These assumptions have been used for the analysis of each CGU within the business segment. Management determined budgeted gross margin based on past performance and its expectations for the future. The discount rates used reflect specific risks relating to the relevant segments and the countries in which they operate.

The value-in-use tests are sensitive to discount rates, the assumed long term growth rates and cash flow forecasts. The Group has performed detailed sensitivity analysis as part of its impairment testing to ensure that the results of its testing is reasonable and prudent. This sensitivity analysis showed that the value-in-use of the CGU that is most sensitive to impairment equals its carrying value if there is a combined increase in 0.5% post tax discount rate to 9.0%, reduction in long-term growth rate from 3.0% to 2.5% and a decrease in annual cash flows of 10.0%.

In FY08, the recoverable amount of the Fresh Dairy New Zealand CGU was determined to be lower than the carrying value and, as such, an impairment charge of \$170.0m was recognised. In FY08, the Fresh Dairy New Zealand CGU was sensitive to the following assumptions:

- Growth rates: A 0.5% reduction in the growth rate would have increased the Fresh Dairy New Zealand impairment loss by \$36m.
- Discount rates: A 0.5% increase in the discount rate would have increased the Fresh Dairy New Zealand impairment loss by \$36m.

20 Non-current assets – Other non-current assets

	Consolidated		Company	
	2009 \$m	2008 \$m	2009 \$m	2008 \$m
Deferred expenditure	1.3	1.6	–	–
Other non-current assets	0.1	0.9	–	–
	1.4	2.5	–	–

Notes to the Financial Statements continued

21 Superannuation plans

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 2009 are set out below:

Australia

Fund – Goodman Fielder Superannuation Fund

Benefit Type – Defined Contribution and Defined Benefit

Date of last actuarial valuation – 8 July 2009

The Goodman Fielder Superannuation Fund is a 'hybrid' superannuation plan as it comprises both defined contribution and defined benefit member entitlements. The defined benefit component ceased accepting new members in 1997. Since this date, all new members participate only in the defined contribution plan. Employees who entered the defined benefit plan prior to 1997 are eligible to receive benefits of the greater of their defined benefit and defined contribution components. Employees who are eligible to receive defined benefit payments comprise an immaterial component of the plan; therefore, this plan has been accounted for as a defined contribution superannuation plan. The net deficit (2008: surplus) of the defined benefit portion of the plan at 30 June 2009 was not material to either the financial performance or the financial position of the Group.

New Zealand

Fund – Goodman Fielder (NZ) Retirement Plan

Benefit Type – Defined Contribution and Defined Benefit

Date of last actuarial valuation – 15 July 2009

The Goodman Fielder (NZ) Retirement Plan is a 'hybrid' superannuation plan as it comprises both defined contribution and defined benefit member entitlements. The defined benefit component is closed to new members. All new members participate only in the defined contribution plan. It also pays pension benefits to retired members under a previous 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 deficit (2008: surplus) of the defined benefit portion of the plan at 30 June 2009 was not material to either the financial performance or the financial position of the Group.

22 Current liabilities – Trade and other payables

	Consolidated		Company	
	2009 \$m	2008 \$m	2009 \$m	2008 \$m
Trade payables	243.6	251.7	–	–
Owing to related entities	–	–	18.4	3.4
Accrued interest	8.2	6.4	–	–
Deferred consideration	3.0	6.1	–	–
Other payables	29.4	19.0	–	–
	284.2	283.2	18.4	3.4

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

23 Current liabilities – Borrowings

	Consolidated		Company	
	2009 \$m	2008 \$m	2009 \$m	2008 \$m
Secured				
Lease liabilities (note 36)	0.8	–	–	–
Unsecured				
Bank loan	0.5	0.3	–	–
Bank facility	–	170.7	–	–
Other	–	0.9	–	–
	1.3	171.9	–	–

(a) Risk exposures

Details of the Group's exposure to interest rate changes on borrowings are set out in notes 2(c)(iv).

(b) Fair value

Due to the short-term nature of these borrowings, their carrying value is assumed to approximate their fair value.

(c) Unsecured bank facility

At 30 June 2009, the Group has nil (2008: \$170.7 million) borrowings drawn under committed facilities that mature in less than 12 months.

Details of the committed unsecured variable rate bank facilities are set out in note 27.

24 Current liabilities – Other financial liabilities**(a) Debt facility guarantee**

Goodman Fielder Limited and a number of its trading subsidiaries are party to a debt facility guarantee for the Group treasury entities. The treasury entities are the primary vehicles through which the Group sources its external debt funding in Australia and New Zealand.

Under the provisions of AASB 139 *Financial Instruments: Recognition and Measurement* as amended by AASB 2005-9, this debt facility guarantee should be accounted for as a Financial Guarantee Contract as detailed in note 1(z) 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 Company 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(z) by Goodman Fielder Limited, the parent entity of the Group.

The fair value of the Deed of Cross Guarantee was considered to be immaterial to the Company 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.

Notes to the Financial Statements continued

25 Current liabilities – Provisions

	Consolidated		Company	
	2009 \$m	2008 \$m	2009 \$m	2008 \$m
Employee benefits	41.3	53.5	–	–
Workers' compensation	0.7	0.6	–	–
Business closure and rationalisation	6.5	11.0	–	–
Onerous contracts	–	1.4	–	–
Other provisions	3.8	1.6	–	–
	52.3	68.1	–	–

(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.

Bank guarantee

Of an available facility of \$4.5m in respect of workers' compensation, the Group has a \$4.3m workers' compensation bank guarantee in place with the Victorian WorkCover Authority.

(b) Business closure and rationalisation

The business closure and rationalisation provision relates to specific and identified sites and business restructuring and the associated site remediation, early lease termination and redundancy costs. These provisions will be fully utilised within the 2010 financial year.

(c) Onerous contracts

In 2008, the Group acquired Paradise Foods Industries, which had entered into private label manufacturing agreements with three of its major customers. Some of those products were supplied at a price below the standard cost for those items. The contracts were short term and the provision was fully utilised during the year.

(d) Other

Included in other provisions are amounts in respect of vehicle insurance, customer claims and make-good provisions in respect of certain leased premises. These provisions will be utilised over the period that the vehicles are maintained and at the end of the lease terms for the relevant properties.

(e) Movements in provisions

Movements in each class of provision during the financial year, other than employee benefits, are set out in note 29(c).

26 Non-current liabilities – Payables

	Consolidated		Company	
	2009 \$m	2008 \$m	2009 \$m	2008 \$m
Other payables	–	1.0	–	–

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

27 Non-current liabilities – Borrowings

	Consolidated		Company	
	2009 \$m	2008 \$m	2009 \$m	2008 \$m
Secured				
Lease liabilities (note 36)	0.9	–	–	–
Unsecured				
Bank loan	–	3.5	–	–
Bank facility	1,062.6	907.3	–	–
	1,063.5	910.8	–	–

(a) Other bank loans

In addition to the detailed facilities there are a number of debt facilities, to a value of A\$21.0m (2008: A\$11.0m), extended to various Group companies in the Asia Pacific region. These facilities are either secured by mortgage debentures or guarantee arrangements 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) Other debt facilities

The Group has access to overnight borrowings facilities to a total of A\$29.0m (2008: A\$30.0m). These facilities are uncommitted and provided at call. These facilities were not utilised at 30 June 2009 (2008: unutilised). The Group also has a securitisation facility, details of which are set out in note 10(b).

(c) Debt capacity

At 30 June 2009, the Group has \$406.1m (2008: \$387.9m) of undrawn committed funding capacity available (excluding cash at bank). Of this total, \$171.0m (2008: \$47.3m) matures in less than 12 months and \$235.1m (2008: \$340.6m) matures in greater than 12 months.

(d) 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.

Notes to the Financial Statements continued

27 Non-current liabilities – Borrowings continued

(e) Unsecured bank facility

There are four committed unsecured variable rate bank facilities available to the Group at 30 June 2009. All facilities are denominated in Australian dollars, however can be drawn down in the New Zealand dollar equivalent. Drawn amounts and maturities are as follows:

	Total available 2009 \$m	Amount utilised 2009 \$m	Total available 2008 \$m	Amount utilised 2008 \$m
Consolidated				
Current				
Loan Facility Agreement entered in November 2008 – available until November 2009	100.0	–	–	–
Loan Facility Agreement entered in March 2009 – available until March 2010	50.0	–	–	–
Syndicated Loan Facility entered in April 2008 – Tranche X matured in April 2009	–	–	120.0	75.0
Loan Facility Agreement entered in August 2007 – matured in August 2008	–	–	100.0	97.7
Pacific loan facilities	21.0	0.5	11.0	4.7
Non-current				
Senior Unsecured Credit Facility entered in November 2005 – Tranche C available until November 2010	700.0	686.3	700.0	639.4
Syndicated Loan Facility entered in April 2008 – Tranche Y available until July 2011	420.0	378.8	420.0	269.9
– Tranche Z available until July 2013	130.0	–	130.0	–
Loan Facility Agreement entered in March 2009 – available until March 2012	50.0	–	–	–
	1,471.0	1,065.6	1,481.0	1,086.7

The bank facility in notes 23 and 27 is shown net of \$2.5m (2008: \$4.0m) facility establishment costs.

28 Non-current liabilities – Deferred tax liabilities

	Consolidated		Company	
	2009 \$m	2008 \$m	2009 \$m	2008 \$m
Recognised deferred tax liabilities				
Deferred tax liabilities are attributable to the following:				
Property, plant and equipment	7.8	13.5	–	–
Intangible assets	2.1	2.7	–	–
Consumable stores	1.1	1.0	–	–
Cash flow hedges recognised in equity	–	5.4	–	–
Other items	–	2.8	5.5	5.5
	11.0	25.4	5.5	5.5

29 Non-current liabilities – Provisions

	Consolidated		Company	
	2009 \$m	2008 \$m	2009 \$m	2008 \$m
Employee benefits	4.0	2.8	–	–
Workers' compensation	3.3	4.3	–	–
Other provisions	0.4	0.5	–	–
	7.7	7.6	–	–

(a) Workers' compensation

Goodman Fielder is a licensed self-insurer under the Victorian Accident Compensation Act. See note 25(a) for details.

(b) Other

Included in other provisions are amounts in respect of make-good provisions in respect of certain leased premises. These provisions will be utilised at the end of the lease terms of the relevant properties.

(c) Movements in provisions

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

	Workers' compensation \$m	Business closure and rationalisation \$m	Onerous contracts \$m	Other \$m	Total \$m
Consolidated – 2009					
Current and non-current					
Carrying amount at start of year	4.9	11.0	1.4	2.1	19.4
Additional provisions recognised	0.9	–	–	3.5	4.4
Amounts used during the period	(1.8)	(4.5)	(1.4)	(1.4)	(9.1)
Carrying amount at end of year	4.0	6.5	–	4.2	14.7

Notes to the Financial Statements continued

30 Contributed equity

	Consolidated		Consolidated	
	2009 Number of shares '000	2008 Number of shares '000	2009 \$m	2008 \$m
Consolidated entity				
Other contributed equity				
Other contributed equity	1,355,069	1,325,000	1,767.0	1,737.4
Share capital				
Share capital			4.9	4.9
Treasury shares			–	(1.5)
Total consolidated contributed equity			1,771.9	1,740.8

	Company		Company	
	2009 Number of shares '000	2008 Number of shares '000	2009 \$m	2008 \$m
Company				
Share capital				
Share capital	1,355,069	1,325,000	2,614.2	2,584.6

(a) Movements in other contributed equity:

Date	Details	Number of shares '000	Issue price	\$m
Consolidated				
	Opening balance	1,325,000		1,740.8
25 August 2008	Allocation of treasury shares to employees			1.5
8 April 2009	Dividend reinvestment plan issues	30,069	\$0.99	29.7
8 April 2009	Less: Transaction costs associated with DRP			(0.1)
30 June 2009	Closing balance	1,355,069		1,771.9
Company				
	Opening balance	1,325,000		2,584.6
8 April 2009	Dividend reinvestment plan issues	30,069	\$0.99	29.7
8 April 2009	Less: Transaction costs associated with DRP			(0.1)
30 June 2009	Closing balance	1,355,069		2,614.2

(b) Ordinary shares

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All shares rank equally with regard to the Company's residual assets.

(c) Share capital

The balance of share capital in the consolidated financial statements comprises shares on issue of Goodman Fielder Consumer Foods Pty Limited (GFCF) 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 (IPO) in December 2005, less the costs of issuing those shares net of the tax benefit arising on those costs.

(d) Treasury shares

Treasury shares are shares in Goodman Fielder Limited that are held for the purpose of issuing shares under the Long Term Incentive remuneration plan for the 2007 financial year (refer to the Remuneration Report for further details).

(e) 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.

(f) Dividend reinvestment plan

The Company has established a dividend reinvestment plan under which holders of ordinary shares may elect to have all or part of their dividend entitlements satisfied by the issue of new ordinary shares rather than by being paid in cash. Shares were issued under the plan at a 2.5% discount to the market price for the April 2009 interim dividend.

31 Reserves and retained profits

	Consolidated		Company	
	2009 \$m	2008 \$m	2009 \$m	2008 \$m
(a) Reserves				
Hedging reserve	(31.8)	8.8	–	–
Foreign currency translation reserve	(182.2)	(195.4)	–	–
	(214.0)	(186.6)	–	–

	Consolidated		Company	
	2009 \$m	2008 \$m	2009 \$m	2008 \$m
Movements:				
<i>Hedging reserve</i>				
Balance at 1 July	8.8	20.2	–	–
Effective changes in fair value of interest rate derivatives, net of tax	(33.2)	(18.8)	–	–
Effective changes in fair value of foreign currency derivatives, net of tax	23.8	(9.7)	–	–
Effective changes in fair value of commodity price derivatives, net of tax	4.6	–	–	–
Transfer to income statement, net of tax	(2.4)	10.7	–	–
Transfer to inventory and other assets, net of tax	(33.4)	6.4	–	–
Balance 30 June	(31.8)	8.8	–	–
<i>Foreign currency translation reserve</i>				
Balance at 1 July	(195.4)	(75.8)	–	–
Total recognised income/(expense)	13.2	(119.6)	–	–
Balance 30 June	(182.2)	(195.4)	–	–

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), and foreign exchange gains and losses arising from a monetary receivable to a foreign operation, the settlement of which is neither planned nor likely to occur in the foreseeable future, as described in note 1(d)(iii).

Notes to the Financial Statements continued

31 Reserves and retained profits continued

(b) Retained profits

Movements in retained profits were as follows:

	Consolidated		Company	
	2009 \$m	2008 \$m	2009 \$m	2008 \$m
Opening balance	37.3	187.0	99.0	23.9
Net profit for the year	177.1	27.7	251.3	254.0
Dividends paid to shareholders	(159.0)	(178.9)	(159.0)	(178.9)
Other movements	(2.1)	1.5	–	–
Closing balance	53.3	37.3	191.3	99.0

32 Dividends

	Company	
	2009 \$m	2008 \$m
(a) Ordinary shares		
Final dividend for the year ended 30 June 2008 of 7.5 cents (2007: 7.5 cents) per fully paid share paid on 30 October 2008 (2007: 31 October 2007)		
Australia: 40% franked (2007: 65% franked) amount of 3.0 cents at 30% (2007: 4.875 cents at 30%)		
New Zealand: nil imputation (2007: 30% imputation) amount of nil cents at 30% (2007: 2.25 cents at 33%)	99.4	99.4
Interim dividend for the year ended 30 June 2009 of 4.5 cents (2008: 6.0 cents) per fully paid share paid on 8 April 2009 (2008: 3 April 2008)		
Australia: 31% franked (2008: 30% franked) amount of 1.395 cents at 30% (2008: 1.8 cents at 30%)		
New Zealand: nil imputation (2008: nil imputation) amount of nil cents at 30% (2008: nil cents at 33%)	59.6	79.5
(b) Dividends not recognised at year end		
Since year end the directors have recommended the payment of a final dividend of 6.0 cents (2008: 7.5 cents) per fully paid ordinary share		
Australia: 20% franked (2008: 40% franked) amount of 1.2 cents at 30% (2008: 3.0 cents at 30%)		
New Zealand: nil imputation (2008: nil imputation) amount of nil cents at 30% (2008: nil cents at 30%)		
The aggregate amount of the proposed dividend payable on 29 October 2009 out of retained profits, but not recognised as a liability at year end, is	81.3	99.4
(c) Franked dividends		
Franking credits available for the above period and for subsequent financial years based on a tax rate of 30% (2008: 30%)	3.5	7.2
Less: Current year tax receivable*	(6.8)	–
	(3.3)	7.2

* The 30 June 2009 franking balance has been adjusted for franking debits that will arise from the receipt of the current tax receivable recognised as at 30 June 2009 on lodgement of the 2009 tax returns.

The franked portion of the final dividend for the year ended 30 June 2009 recommended for payment of \$7.0m (2008: \$17.0m) will be franked out of existing franking credits and out of franking credits arising from the payment of income tax installments for the year ending 30 June 2009 and 30 June 2010 which will be made in advance of the dividend payment.

The above amounts represent the balance of the franking account as at the end of the financial year, adjusted for:

- (a) franking credits that will arise from the payment of the current tax liabilities/receipt of current tax receivables
- (b) franking credits that will arise from the receipt of dividends recognised as receivables at the reporting date by the tax consolidated Group, and
- (c) franking credits that the entity may be prevented from distributing in subsequent years.

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

(d) Imputation credits – New Zealand

	Company	
	2009 A\$m	2008 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 30% (2008: 30%)	0.5	0.1

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 nil.

Notes to the Financial Statements continued

33 Key management personnel disclosures

(a) Key management personnel compensation

	Consolidated		Company	
	2009 \$	2008 \$	2009 \$	2008 \$
Short-term employee benefits	7,401,912	6,221,990	3,948,473	3,511,560
Post-employment benefits	569,084	398,962	386,565	242,297
Termination benefits	1,053,984	–	–	–
Share-based payments*	298,810	216,667	298,810	216,667
	9,323,790	6,837,619	4,633,848	3,970,524

Detailed remuneration disclosures are provided in the Remuneration Report.

Incentives awarded and paid to executives in the year ended 30 June 2009 in respect of performance for the 2008 financial year have been disclosed in the Remuneration Report in the 2008 financial year comparatives. Further details can be found in Tables 1 and 2 of 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.

* Mr Margin's share-based payment for 2008 represents a third of the value of his entitlements under his LTI. This amount has been reclassified from the prior year presentation to more appropriately reflect the progressive allocation of the value of Mr Margin's LTI entitlements over the vesting period.

(b) Equity instrument disclosures relating to key management personnel

(i) Performance Share Plan

Details of entitlements over shares in Goodman Fielder Limited provided as remuneration during the year to each key management personnel are set out below. For more information on the Performance Share Plan, see pages 45 to 47 of the Remuneration Report.

Peter Margin, Director and Chief Executive Officer and other key management personnel participated in the following share plans:

2009 – Performance Share Plan

2009 – Performance Share Plan TSR element (Chief Executive Officer only)

2008 – Performance Share Plan

2007 – Long Term Incentive Plan; Deferred Incentive Plan

The grant date and share value at that date for each share plan was as follows:

Director and Chief Executive Officer

2009 – Performance Share Plan	12 December 2008	\$1.05
2009 – Performance Share Plan TSR element	12 December 2008	\$0.92
2008 – Performance Share Plan	22 November 2007	\$1.90
2007 – Long Term Incentive Plan	10 September 2007	\$2.43

Other key management personnel

2009 – Performance Share Plan	12 December 2008	\$1.05
2008 – Performance Share Plan	22 November 2007	\$1.90
2007 – Deferred Incentive Plan	22 November 2007	\$1.90

2009	Balance at start of the year	Granted during the year	Vested during the year	Other changes during the year	Balance at end of the year	Vested	Unvested
Entitlements to ordinary shares							
<i>Directors of Goodman Fielder Limited</i>							
P M Margin							
2009	–	803,571	–	–	803,571	–	803,571
2008	288,066	–	–	–	288,066	–	288,066
2007	267,490	–	–	–	267,490	–	267,490
<i>Other key management personnel of the Group</i>							
D Clark							
2009	–	72,913	–	–	72,913	–	72,913
2008	39,630	–	–	–	39,630	–	39,630
2007	33,333	–	(33,333)	–	–	–	–
G G W Erby							
2009	–	94,863	–	–	94,863	–	94,863
2008	51,078	–	–	–	51,078	–	51,078
2007	42,963	–	(42,963)	–	–	–	–
D K Goldsmith							
2009	–	99,969	–	–	99,969	–	99,969
2008	53,827	–	–	–	53,827	–	53,827
2007	11,111	–	(11,111)	–	–	–	–
G J Hardie							
2009	–	118,720	–	–	118,720	–	118,720
2008	64,527	–	–	–	64,527	–	64,527
2007	51,852	–	(51,852)	–	–	–	–
A R Hipperson							
2009	–	75,000	–	–	75,000	–	75,000
2008	34,025	–	–	–	34,025	–	34,025
2007	28,889	–	(28,889)	–	–	–	–
P W Hitchcock*							
2008	49,317	–	–	(49,317)	–	–	–
2007	41,481	–	–	(41,481)	–	–	–
P R Reidie							
2009	–	67,991	–	–	67,991	–	67,991
S K Roberts							
2009	–	78,571	–	–	78,571	–	78,571
J D West							
2009	–	69,000	–	–	69,000	–	69,000
2008	34,461	–	–	–	34,461	–	34,461
2007	29,259	–	(29,259)	–	–	–	–

* Mr Hitchcock ceased employment as Managing Director, GF Commercial, effective 8 August 2008.

Notes to the Financial Statements continued

33 Key management personnel disclosures continued

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

	Balance at start of the year	Granted during the year	Vested during the year	Other changes during the year	Balance at end of the year	Vested	Unvested
2008							
Entitlements to ordinary shares							
<i>Directors of Goodman Fielder Limited</i>							
P M Margin							
2008	–	288,066	–	–	288,066	–	288,066
2007	–	267,490	–	–	267,490	–	267,490
<i>Other key management personnel of the Group</i>							
G G W Erby							
2008	–	51,078	–	–	51,078	–	51,078
2007	–	42,963	–	–	42,963	–	42,963
D K Goldsmith							
2008	–	53,827	–	–	53,827	–	53,827
2007	–	11,111	–	–	11,111	–	11,111
G J Hardie							
2008	–	64,527	–	–	64,527	–	64,527
2007	–	51,852	–	–	51,852	–	51,852
P W Hitchcock							
2008	–	49,317	–	–	49,317	–	49,317
2007	–	41,481	–	–	41,481	–	41,481
J D West							
2008	–	34,461	–	–	34,461	–	34,461
2007	–	29,259	–	–	29,259	–	29,259

(ii) Share holdings

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:

	Balance at the start of the year	Net acquisitions/ (disposals)	Other changes during the year	Balance at the end of the year
2009				
Ordinary shares				
<i>Executive Director of Goodman Fielder Limited</i>				
P M Margin	111,028	–	–	111,028
<i>Non-executive Directors of Goodman Fielder Limited</i>				
M G Ould	140,100	60,000	–	200,100
C A Hooke	51,000	50,000	–	101,000
I D Johnston	11,235	55,179	–	66,414
H E Perrett	2,500	–	–	2,500
G R Walker	101,000	100,000	–	201,000
<i>Other key management personnel of the Group</i>				
D Clark	4,098	–	–	4,098
G G W Erby	6,000	42,963	–	48,963
D K Goldsmith	49,370	11,825	–	61,195
G J Hardie	–	63,765	–	63,765
A R Hipperson	–	28,889	–	28,889
P W Hitchcock*	10,546	–	(10,546)	–
P R Reidie	–	1,443	–	1,443
S K Roberts	–	–	–	–
J D West	5,464	29,259	–	34,723

* Mr Hitchcock ceased employment as Managing Director, GF Commercial, effective 8 August 2008.

2008	Balance at the start of the year	Net acquisitions/ (disposals)	Other changes during the year	Balance at the end of the year
Ordinary shares				
<i>Executive Directors of Goodman Fielder Limited</i>				
P M Margin	100,100	10,928	–	111,028
<i>Non-executive Directors of Goodman Fielder Limited</i>				
M G Ould	50,100	90,000	–	140,100
T J Degnan	100	–	(100)	–
T G Hardman	100,100	–	(100,100)	–
G R Hart	265,014,488	(265,009,700)	(4,788)	–
C A Hooke	25,000	26,000	–	51,000
I D Johnston	–	11,235	–	11,235
H E Perrett	100	2,400	–	2,500
G R Walker	1,000	100,000	–	101,000
<i>Other key management personnel of the Group</i>				
G G W Erby	–	6,000	–	6,000
D K Goldsmith	–	49,370	–	49,370
G J Hardie	–	–	–	–
P W Hitchcock	10,000	546	–	10,546
J D West	–	5,464	–	5,464

(c) 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.

(d) 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.

Notes to the Financial Statements continued

34 Remuneration of auditors

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

	Consolidated		Company	
	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
(a) Audit services				
KPMG Australia				
Audit and review of financial reports	960.1	863.5	–	–
Overseas KPMG firms				
Audit and review of financial reports	439.0	456.0	–	–
	1,399.1	1,319.5	–	–
(b) Other tax and assurance services				
KPMG Australia				
Tax services	40.0	32.9	–	–
Other assurance services	121.1	2.5	–	–
Overseas KPMG firms				
Tax services	88.5	15.4	–	–
Other assurance services	2.0	7.0	–	–
	251.6	57.8	–	–
Total remuneration	1,650.7	1,377.3	–	–

All amounts payable to the auditors of the Company were paid by a Group subsidiary.

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 controlled entities have entered into guarantees and security arrangements in respect of certain of the Group's indebtedness as described in note 27.

The Company and certain 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	
	2009 \$m	2008 \$m	2009 \$m	2008 \$m
Payable:				
Within one year	18.3	4.4	–	–

(b) Lease commitments

(i) Operating leases

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

	Consolidated		Company	
	2009 \$m	2008 \$m	2009 \$m	2008 \$m
Commitments for minimum lease payments in relation to non-cancellable operating leases are payable as follows:				
Within one year	30.3	28.1	–	–
Later than one year but not later than five years	70.7	58.1	–	–
Later than five years	108.9	76.5	–	–
	209.9	162.7	–	–

The Group entered into a heads of agreement on 16 July 2008 for a lease for a new head office in North Ryde. The lease is for seven years with an agreed annual increase of 3.75%. The existing head office lease in North Ryde expires in 2009 and will not be renewed. During the year, the Group entered into five new Bakery lease agreements in Alice Springs, Darwin, Malaga, Tamworth and Townsville.

The Erskine Park facility is currently under construction. However, the Group entered into a lease agreement on 20 June 2008, for 20 years, with an agreed annual increase of 3.0%.

The Auckland office lease expires in 2010 and will not be renewed. The Christchurch dairy site lease expires in 2042 and is subject to rent reviews every seven years.

(ii) Finance leases

During the year, the Group leased various plant and equipment with a carrying amount of \$3.2m under finance leases expiring within one to five years. All of the leases provide the Group with option to purchase the equipment at a beneficial price.

	Consolidated		Company	
	2009 \$m	2008 \$m	2009 \$m	2008 \$m
Commitments in relation to finance leases are payable as follows:				
Within one year	0.8	–	–	–
Later than one year but not later than five years	0.9	–	–	–
Recognised as a liability	1.7	–	–	–
Representing lease liabilities:				
Current (note 23)	0.8	–	–	–
Non-current (note 27)	0.9	–	–	–
	1.7	–	–	–

The weighted average interest rate implicit in the leases is 3.46% (2008: not applicable).

Notes to the Financial Statements continued

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:

	Consolidated		Company	
	2009 \$m	2008 \$m	2009 \$m	2008 \$m
Sales of goods and services				
Sale of goods to related entities	0.6	0.1	–	–
Purchases of goods				
Purchase of goods from related entities	8.3	5.2	–	–
Other transactions				
Dividends received from controlled entities	–	–	221.5	234.0
Recharge of services to Burns Philp and its subsidiaries	–	0.2	–	–
Interest received/receivable from wholly owned subsidiaries	–	–	47.5	30.4

(f) Outstanding balances from related party

The following balances are outstanding at the reporting date in relation to transactions with related parties:

	Consolidated		Company	
	2009 \$m	2008 \$m	2009 \$m	2008 \$m
Current receivables				
Related entities – sales of goods	1.1	–	–	–
Related entities – loans	–	4.0	–	–
Wholly-owned tax consolidated entities – tax funding agreement	–	–	–	3.4
Non-current receivables				
Wholly owned subsidiaries – loans	–	–	725.3	592.7
Related entities – loans	5.1	–	–	–
Current payables				
Related entities – purchases of goods	0.6	0.3	–	–
Wholly owned tax consolidated entities – tax funding agreement	–	–	18.4	3.4

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:

Foster's Group Limited

- purchases of raw materials

AGL Energy Limited

- provision of gas and electricity services

Pacific Brands Limited

- purchases of clothing supplies

Oilstream Partners Pty Limited

- supply of raw materials

The previous financial year

Carter Holt Harvey Limited (to 1 November 2007)

- purchases of corrugated fibreboard packaging
- supply of raw materials used in packaging manufacture

Burns Philp Group (to 1 November 2007)

- supply of workers' compensation claims management services
- supply of product distribution services
- property rental in New Zealand

AGL Energy Limited

- provision of gas and electricity services

Foster's Group Limited

- purchases of raw materials

(g) Terms and conditions

All of the above transactions were conducted under normal commercial terms and conditions.

Outstanding balances at period end are unsecured and settlement occurs in cash. There have been no guarantees provided or received for any related party receivables. For the financial year ended 30 June 2009, the Group has not incurred any impairment losses relating to amounts owed by related parties (2008: nil).

Notes to the Financial Statements continued

38 Business combinations

Current year

There were no business combinations during the year.

Prior year

Acquisition of Paradise Food Industries

(a) Summary of acquisition

On 10 March 2008, Goodman Fielder Limited completed the acquisition of Paradise Food Industries.

Details of the fair value of the assets and liabilities acquired and goodwill are as follows:

	2008 \$m
Purchase consideration	
Cash paid	78.5
Less: Fair value of net identifiable assets acquired (refer to (b) below)	88.6
Negative goodwill – discount on acquisition (refer to note 5)	(10.1)

(b) Assets and liabilities acquired

The assets and liabilities arising from the acquisition are as follows:

	Acquiree's carrying amount \$m	Fair value \$m
Trade receivables	16.8	16.5
Inventories	8.2	8.7
Other current assets	0.6	0.6
Property, plant and equipment	65.5	71.5
Deferred tax asset	–	6.8
Intangible assets: brands	–	9.3
Trade payables	(12.3)	(12.3)
Provisions for employee benefits	(3.1)	(3.1)
Provision for onerous contracts	–	(3.5)
Deferred tax liability	–	(5.9)
Net assets	75.7	88.6
Net identifiable assets acquired		88.6

The above business did not make a material contribution to the net profit or revenue of the Group, nor would it have, had it been acquired at the beginning of the prior year.

Acquisition of Independent Dairy Producers**(a) Summary of acquisition**

On 31 July 2007, Goodman Fielder Limited completed the acquisition of the Independent Dairy Producers business, in New Zealand. Details of net assets acquired and goodwill are as follows:

	2008 \$m
Purchase consideration	
Cash paid	11.4
Less: Fair value of net identifiable assets acquired (refer to (b) below)	(0.7)
Goodwill (refer to note 19)	10.7

(b) Assets and liabilities acquired

The assets and liabilities arising from the acquisition are as follows:

	Acquiree's carrying amount \$m	Fair value \$m
Inventories	0.2	0.2
Property, plant and equipment	0.5	0.5
Net assets	0.7	0.7
Net identifiable assets acquired		0.7

The above business did not make a material contribution to the net profit of the Group, nor would it have, had it been acquired at the beginning of the prior year.

Notes to the Financial Statements continued

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 2009 excluding those acquired during the year	Country of incorporation	Class of shares	Equity holding	
			2009 %	2008 %
BCW Hotplate Bakery Pty Ltd	Australia	Ordinary	100	100
Bilgola Foods Pty Ltd	Australia	Ordinary	100	100
Cobbity Farm Bakeries Pty Ltd	Australia	Ordinary	100	100
Country Bake Bakeries Pty Ltd	Australia	Ordinary	100	100
Country Bake Cairns Pty Ltd	Australia	Ordinary	100	100
Country Bake Tasmania Pty Ltd	Australia	Ordinary	100	100
Darwin Bakery Pty Limited	Australia	Ordinary	100	100
Dashboard Bidco Pty Limited	Australia	Ordinary	100	100
Dashboard Holdings Pty Limited	Australia	Ordinary	100	100
Defiance Mills Pty Ltd	Australia	Ordinary	100	100
GF Brand Holding Company Pty Limited	Australia	Ordinary	100	100
GF Defiance Pty Limited	Australia	Ordinary	100	100
GF Services Company Pty Limited	Australia	Ordinary	100	100
Goodman Fielder Consumer Foods Pty Limited	Australia	Ordinary	100	100
Goodman Fielder Custodians Pty Limited	Australia	Ordinary	100	100
Goodman Fielder Food Services Pty Limited	Australia	Ordinary	100	100
Goodman Fielder Superannuation Fund Pty Limited	Australia	Ordinary	100	100
Goodman Fielder Treasury Pty Limited	Australia	Ordinary	100	100
Hawley Nominees Pty Ltd	Australia	Ordinary	100	100
K.F. Holdings Pty Ltd	Australia	Ordinary	100	100
La Famiglia Fine Foods Pty Ltd	Australia	Ordinary	100	100
Paradise Food Industries Pty Limited	Australia	Ordinary	100	100
Quality Bakers Australia Pty Limited	Australia	Ordinary	100	100
Regal Bakeries Pty Limited	Australia	Ordinary	100	100
Stuart Bakery Pty Ltd	Australia	Ordinary	100	100
Sunicrust Bakeries Proprietary Limited	Australia	Ordinary	100	100
Evercrisp Snack Products (South Seas) Limited	Fiji	Ordinary	90	90
Goodman Fielder (Fiji) Limited	Fiji	Ordinary	90	90
Goodman Fielder International (Fiji) Limited	Fiji	Ordinary	90	90
Tucker Group (Fiji) Limited	Fiji	Ordinary	90	90
Tuckers Ice Cream Limited	Fiji	Ordinary	90	90
Goodman Fielder International (China) Limited	Hong Kong	Ordinary	100	100
Goodman Fielder International (Hong Kong) Limited	Hong Kong	Ordinary	100	100
Sinar Meadow International Limited	Hong Kong	Ordinary	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	100	99.5
La Biscuitière SAS	New Caledonia	Ordinary	100	100
GF Retirement Nominees Limited	New Zealand	Ordinary	100	100
Goodman Fielder New Zealand Limited	New Zealand	Ordinary	100	100
Goodman Fielder Treasury New Zealand Limited	New Zealand	Ordinary	100	100
Associated Mills Limited	Papua New Guinea	Ordinary	74	74
Evercrisp Snacks (PNG) Limited	Papua New Guinea	Ordinary	100	100
Goodman Fielder International (PNG) Limited	Papua New Guinea	Ordinary	100	100
RBPM Limited	Papua New Guinea	Ordinary	75	75
Goodman Fielder International (Philippines) Inc	Philippines	Ordinary	100	100
Goodman Fielder (Guangzhou) Trade Co Ltd	China	n/a	100	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 report, and Directors' Report. Goodman Fielder Custodians Pty Limited is the Trustee appointed under this Deed but is not granted relief from specified accounting requirements in accordance with ASIC Class Order 98/1418 (as amended).

It is a condition of the Class Order that 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
- Dashboard Holdings Pty Limited
- Dashboard Bidco Pty Limited
- Defiance Mills Pty Ltd
- GF Brand Holding Company Pty Limited
- GF Defiance Pty Limited
- GF Services Company Pty Limited
- Goodman Fielder Consumer Foods Pty Limited
- Goodman Fielder Food Services Pty Limited
- Goodman Fielder Treasury Pty Limited
- Hawley Nominees Pty Ltd
- K.F. Holdings Pty Ltd
- La Famiglia Fine Foods Pty Ltd
- Paradise Food Industries Pty Limited
- 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

A consolidated income statement prepared in accordance with the accounting policy described in note 1(b), comprising the Company and controlled entities which are party to the Deed, after eliminating all transactions between parties to the Deed of Cross Guarantee, for the year ended 30 June 2009 is set out as follows:

	2009 \$m	2008 \$m
Summary of movements in consolidated retained profits		
Retained profits at the beginning of the financial year	53.4	52.3
Profit before tax	177.4	184.1
Income tax expense	(25.8)	(20.8)
Profit from discontinued operations, net of income tax	14.2	15.2
Other movements	(1.5)	1.5
Dividends recognised during the period	(159.0)	(178.9)
Retained profits at the end of the financial year	58.7	53.4

Notes to the Financial Statements continued

40 Deed of Cross Guarantee continued

(b) Balance sheet

A consolidated balance sheet prepared in accordance with the accounting policy described in note 1(b), 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 2009 is set out as follows:

	2009 \$m	2008 \$m
Current assets		
Cash and cash equivalents	29.4	16.8
Trade and other receivables	146.0	171.2
Inventories	55.5	94.6
Derivative financial instruments	0.7	6.3
Current tax receivable	5.7	–
Other assets	47.8	36.6
Assets classified as held for sale	99.2	–
Total current assets	384.3	325.5
Non-current assets		
Receivables	517.9	465.3
Derivative financial instruments	1.6	8.2
Other investments	709.3	709.3
Property, plant and equipment	300.0	326.1
Deferred tax assets	56.8	57.9
Intangible assets	694.1	694.1
Other assets	–	5.3
Total non-current assets	2,279.7	2,266.2
Total assets	2,664.0	2,591.7
Current liabilities		
Trade and other payables	155.5	173.0
Borrowings	0.7	131.0
Derivative financial instruments	36.4	6.0
Current tax liabilities	–	7.3
Provisions	39.0	39.3
Liabilities classified as held for sale	6.6	–
Total current liabilities	238.2	356.6
Non-current liabilities		
Payables	–	0.2
Borrowings	602.9	417.6
Provisions	5.3	19.6
Total non-current liabilities	608.2	437.4
Total liabilities	846.4	794.0
Net assets	1,817.6	1,797.7
Equity		
Contributed equity	1,771.9	1,740.8
Reserves	(13.0)	3.5
Retained profits	58.7	53.4
Total equity	1,817.6	1,797.7

41 Jointly controlled entities

The Group has a 50% interest (2008: 50% interest) in PT Sinar Meadow International Indonesia (incorporated in Indonesia) and 50% interest (2008: 50% interest) in Oilstream Partners Pty Limited (incorporated in Australia).

PT Sinar Meadow International Indonesia operates a margarine manufacturing and distribution business in Indonesia.

The Group's investment in the company, together with loans made to the company, were written off in prior years.

In FY08, a \$4.0m reversal of impairment loss was recognised during the period in respect of the PT Sinar Meadow International Indonesia jointly controlled entity. This receivable is denominated in US dollars and in FY09, \$1.1m foreign currency gain on revaluation has been recognised in 'other income'. No loan repayments (2008: nil) were received during the year.

The Oilstream jointly controlled entity was set up for the development and exploitation of the supply, collection, treatment, recycling and disposal of cooking oil within Australia and New Zealand.

The Group's share of the loss before income tax of the jointly controlled entities was \$0.2m (2008: nil). The Group's share of the income tax expense of the jointly controlled entities was nil (2008: nil). The Group's share of the loss after income tax expense of the jointly controlled entities was \$0.2m (2008: nil).

Neither of these entities made a material contribution, whether singularly or in aggregate, to the results of the Group in either the current or previous corresponding periods.

42 Reconciliation of profit after income tax to net cash inflow from operating activities

	Consolidated		Company	
	2009 \$m	2008 \$m	2009 \$m	2008 \$m
Profit for the year	182.7	31.5	251.3	254.0
Adjustments for:				
Depreciation and amortisation	55.5	48.9	—	—
Impairment of goodwill	—	170.0	—	—
Dividend income	—	—	(221.5)	(234.0)
Interest income	—	—	(47.5)	(30.3)
Net gain on disposal of property, plant and equipment	(11.9)	(11.9)	—	—
Net gain on disposal of brands	(9.4)	—	—	—
Discount on acquisition of subsidiary	—	(10.1)	—	—
Changes in fair value of derivative financial instruments	(4.8)	—	—	—
Unrealised foreign exchange (gain)/loss	(1.1)	0.6	—	—
Non-cash items	—	—	7.0	(9.3)
Change in operating assets and liabilities:				
Decrease in trade and other receivables	35.9	26.9	3.9	26.8
Decrease/(increase) in tax receivable	13.9	—	(6.8)	—
Decrease/(increase) in inventories	25.0	(38.8)	—	—
Decrease in derivative financial instruments	58.6	13.2	—	—
(Increase)/decrease in deferred tax assets	(15.6)	(8.1)	5.7	2.1
(Increase)/decrease in other assets	(17.9)	7.0	—	(0.7)
Increase/(decrease) in trade and other payables	3.2	(8.3)	15.0	3.4
(Decrease)/increase in provisions	(8.7)	12.1	—	—
(Decrease) in current tax liability	(5.9)	(19.7)	(7.1)	(15.1)
(Decrease)/increase in deferred tax liabilities	(14.4)	(2.7)	—	3.1
Net cash inflow from operating activities	285.1	210.6	—	—

43 Non-cash financing activities

A dividend reinvestment plan (DRP) was put in place in the current financial year, resulting in 30,068,890 shares being issued under the DRP. Dividends settled in shares rather than cash during the year totalled \$29.7m.

Notes to the Financial Statements continued

44 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 2009.

45 Earnings per share

	Consolidated	
	2009 Cents	2008 Cents
(a) Basic earnings per share		
Profit from continuing operations	11.9	0.4
Profit from discontinued operations	1.4	1.7
Total basic earnings per share attributable to the ordinary equity holders of the Company	13.3	2.1
(b) Diluted earnings per share		
Profit from continuing operations	11.9	0.4
Profit from discontinued operations	1.4	1.7
Total diluted earnings per share attributable to the ordinary equity holders of the Company	13.3	2.1

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

	Consolidated	
	2009 \$m	2008 \$m
Basic earnings per share		
Profit attributable to the ordinary equity holders of the Company used in calculating basic earnings per share		
– from continuing operations	158.8	5.1
– from discontinued operation	18.3	22.6
	177.1	27.7
Diluted earnings per share		
Profit from continuing operations attributable to the ordinary equity holders of the Company used in calculating basic earnings per share	158.8	5.1
Profit from discontinued operation	18.3	22.6
Profit attributable to the ordinary equity holders of the Company used in calculating diluted earnings per share	177.1	27.7

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

	Consolidated	
	2009 Number m	2008 Number m
Weighted average number of ordinary shares used as the denominator in calculating basic and diluted earnings per share	1,332.5	1,325.0

Directors' Declaration

In the Directors' opinion:

- (a) the financial statements and notes and the remuneration disclosures that are contained in the Remuneration Report set out on pages 40 to 53 in the Directors' report are in accordance with the *Corporations Act 2001*, including:
- (i) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001*; and
 - (ii) giving a true and fair view of the Company's and Group's financial position as at 30 June 2009 and of their performance for the financial year ended on that date;
- (b) the financial report also complies with International Financial Reporting Standards as disclosed in note 1(a);
- (c) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

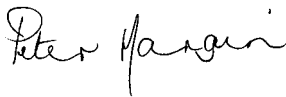
There are reasonable grounds to believe that the members of the Extended Closed Group identified in note 40 will be able

to meet any obligations or liabilities to which they are, or may become, subject to by virtue of the Deed of Cross Guarantee

between the Company and those Group entities pursuant to ASIC Class Order 98/1418.

The Directors have been given the declarations for the financial year ended 30 June 2009 by the Chief Executive Officer and Chief Financial Officer required by section 295A of the *Corporations Act 2001*.

Signed in accordance with a resolution of the Directors:



Peter Margin
Managing Director and Chief Executive Officer
26 August 2009



Max Ould
Chairman
26 August 2009

Independent Auditor's Report



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

Report on the financial report

We have audited the accompanying financial report of Goodman Fielder Limited (the Company), which comprises the balance sheets as at 30 June 2009, and the income statements, statements of recognised income and expense and cash flow statements for the year ended on that date, a summary of significant accounting policies and other explanatory notes 1 to 45 and the directors' declaration of the Group comprising the Company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' responsibility for the financial report

The Directors of the Company are responsible for the preparation 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(a), 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.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation 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.

Independence

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

Auditor's opinion

In our opinion:

- (a) the financial report of 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 2009 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(a).

Report on the Remuneration Report

We have audited the Remuneration Report included on pages 40 to 53 of the Directors' Report for the year ended 30 June 2009. The Directors of the Company are responsible for the preparation and presentation of the remuneration report in accordance with Section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with auditing standards.

Auditor's opinion

In our opinion, the Remuneration Report of Goodman Fielder Limited for the year ended 30 June 2009, complies with Section 300A of the *Corporations Act 2001*.

KPMG.

KPMG

David Rogers.

David Rogers
Partner

Sydney
26 August 2009

Shareholder Information

Stock Exchange Listings

Goodman Fielder's ordinary shares are quoted on the Australian (ASX) and New Zealand (NZX) exchanges. There are currently 1,355,068,890 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 Shares 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.

The Company has been granted a waiver from ASX Listing Rule 7.1 to permit the issue of securities to an underwriter in connection with Goodman Fielder's Dividend Reinvestment Plan (DRP) without obtaining shareholder approval, in respect of dividends declared for periods ending on or before 31 December 2009, on conditions specified by ASX. Those conditions require the underwritten securities to be issued within 15 business days of the dividend payment date, at a price at least equal to the issue price for other shares under the DRP. The waiver is also conditional upon there being no limit on shareholder participation in the DRP and upon related parties not acting as an underwriter to the DRP without obtaining prior shareholder approval.

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 16, Brookfields House
19 Victoria 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 relating to shares held on the Australian register 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. Your holder reference number or Common Shareholder Number (CSN) and your FASTER Identification Number (FIN) are required for enquiries relating to shares held on the New Zealand register.

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 (or CSN and FIN) as well as your surname (or company name) and recorded postcode or applicable country code:

- 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, shareholder newsletters and shareholder information meetings. 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.

Shareholders wishing to receive Annual Reports should advise the share registry in writing or via our registrar's website.

Substantial Shareholders

As at 15 September 2009, the following substantial shareholdings had been advised to the Company:

	Ordinary Shares
AXA Group	71,070,771
Barclays Group	103,354,803
IOOF Holdings Limited	87,867,371
Lazard Asset Management Pacific Co	85,521,164
Maple-Brown Abbott Limited	124,919,287
National Australia Bank Limited	98,791,028

Holders of Each Class of Equity Security*

As at 15 September 2009, the distribution and number of holders of ordinary shares, together with holders holding less than a marketable parcel, were as follows:

No. of Holders	Ordinary Shares
(a) Distribution	
1 – 1,000	7,297
1,001 – 5,000	12,983
5,001 – 10,000	4,693
10,001 – 100,000	4,098
100,001 and over	160
(b) Number of holders of ordinary shares	29,231
(c) Holding less than a marketable parcel	590

*These numbers are the number of holders as shown on the relevant registers. Beneficial holdings may differ.

Voting Rights

The voting rights attaching to 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.

Twenty Largest Shareholders at 15 September 2009*

	Number of Ordinary Shares Held	% of Ordinary Shares Held
National Nominees Limited	334,936,881	24.72
HSBC Custody Nominees (Australia) Limited	253,323,887	18.69
J P Morgan Nominees Australia Limited	245,503,337	18.12
Citicorp Nominees Pty Limited	62,550,233	4.62
ANZ Nominees Limited <CASH INCOME A/C>	41,259,192	3.04
Cogent Nominees Pty Limited	25,688,574	1.90
New Zealand Central Securities Depository Limited	22,932,163	1.69
UBS Nominees Pty Ltd	20,270,637	1.50
AMP Life Limited	19,869,309	1.47
RBC Dexia Investor Services Australia Nominees Pty Limited	16,725,185	1.23
HSBC Custody Nominees (Australia) Limited – GSCO ECA	13,733,294	1.01
Queensland Investment Corporation	13,276,461	0.98
Cogent Nominees Pty Limited <SMP ACCOUNTS>	9,143,727	0.67
Citicorp Nominees Pty Limited <CFSIL CWLTH AUST SHS 18 A/C>	8,779,920	0.65
Citicorp Nominees Pty Limited < CFSIL CWLTH AUST SHS 1 A/C>	8,730,000	0.64
Citicorp Nominees Pty Limited <CWLTH BANK OFF SUPER A/C>	6,882,663	0.51
Australian Reward Investment Alliance	5,889,589	0.43
UCA Growth Fund Limited	4,250,000	0.31
M F Custodians Ltd	3,208,101	0.24
Citicorp Nominees Pty Limited <CFSIL CWLTH AUST SHS 17 A/C>	3,197,964	0.24
Total	1,120,151,117	82.66
Total issued ordinary shares at 15 September, 2009	1,355,068,890	

*As shown on the register; beneficial holdings may differ.

At 15 September 2009, the Company had 29,231 ordinary shareholders of which the 20 largest holders held 1,120 million of the 1,355 million ordinary shares on issue. There are 24,660 ordinary shareholders with registered addresses in Australia, 4,445 in New Zealand and 126 registered elsewhere, primarily in the United Kingdom, Hong Kong, Singapore and the United States of America.

Financial Comparison FY2006–FY2009

		FY2006 ⁽¹⁾	FY2007 ⁽²⁾	FY2008 ⁽³⁾	FY2009 ⁽⁴⁾
Profitability					
Revenue	\$m	1,522.6	2,426.7	2,675.4	2,848.6
EBITDA	\$m	277.8	444.1	370.4	375.0
EBITDA margin	%	18.2%	18.3%	13.8%	13.2%
EBIT	\$m	241.1	388.9	151.5	319.5
EBIT margin	%	15.8%	16.0%	5.7%	11.2%
NPAT	\$m	383.2	239.8	27.7	177.1
Share information					
Earnings per share	c	28.9c	18.1c	2.1c	13.3c
Weighted average number of ordinary shares	million	1,325.0	1,325.0	1,325.0	1,332.5
Dividends per share	c	5.5c	13.5c	13.5c	10.5c
Key ratios					
Debt/(Debt + Equity ⁽⁵⁾)	%	24.3%	27.1%	29.9%	28.9%
Net debt/EBITDA	times	2.98	2.28	2.82	2.67
Interest cover	times	7.83	6.05	4.65	4.13
Return on capital employed (ROCE)	%	9.5%	13.6%	5.9%	12.6%
Return on equity ⁽⁵⁾ (ROE)	%	8.5%	12.7%	1.7%	10.9%
Financing					
Operating cash flows	\$m	89.4	244.8	210.6	285.1
Cash realisation ratio	%	21%	82%	84%	120%
Net debt	\$m	827.4	1,011.4	1,043.4	999.4
Capital expenditure	\$m	43.8	50.9	68.1	93.6
Working capital	\$m	183.6	193.6	209.7	159.7
Employees					
Number of full-time equivalent employees (FTE)					
– Australia		2,905	3,537	3,909	3,768
– New Zealand		3,294	3,029	2,955	2,819
– Asia Pacific		1,314	1,324	1,344	1,392
		7,513	7,890	8,208	7,979

(1) The consolidated financial statements for FY2006 include the profit and loss and cash flows of Commercial Australia and Home Ingredients Australia for 12 months, Retail New Zealand and Baking Australia from 21 December 2005 and New Zealand Dairy Foods from 22 December 2005 and Uncle Tobys for four months (as a discontinued operation), including the profit on sale of Uncle Tobys to the Burns Philp Group,

(2) The FY2007 result includes restructuring and integration costs of \$18.6m and foreign exchange gains of \$31.2m.

(3) The FY2008 result includes a non-cash impairment charge of \$170m, restructuring and integration costs of \$27.6m, a \$10.1m discount on acquisition arising from the acquisition of Paradise Foods and a net gain of \$11.9m arising from the disposal of property, plant and equipment.

(4) FY2009 is based on continuing and discontinued operations, and includes restructure costs of \$10.7m, a net gain of \$11.9m arising from the disposal of property, plant and equipment, and a net gain of \$9.4m arising from the disposal of New Zealand brands.

(5) Equity is grossed up to remove the impact of reverse acquisition accounting (\$842.3m).

Company Information

Goodman Fielder Limited

ABN 51 116 399 430

Registered Office

T2, 39 Delhi Road
North Ryde NSW 2113
Australia
(Locked Bag 2222, North Ryde, NSW 2113)
Telephone: +61 2 8899 7000
Facsimile: +61 2 8026 4200
Website: www.goodmanfielder.com.au

Directors

Mr Max Ould (Chairman)
Mr Peter Margin (Managing Director and CEO)
Ms Chris Froggatt
Mr Clive Hooke
Mr Ian Johnston
Mr Hugh Perrett
Mr Gavin Walker

Company Secretary

Mr Jonathon West

Auditor

KPMG
10 Shelley Street
Sydney NSW 2000

2009 Annual General Meeting

19 November 2009 at 10.00 am
in Swanston Hall, Melbourne Town Hall,
90–120 Swanston Street, Melbourne, Victoria

Dividend

7 October 2009	Record Date
29 October 2009	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)
Fax: +61 2 9287 0303
Fax for proxy voting: +61 2 9287 0309
Website: www.linkmarketservices.com.au

New Zealand Share Registry

Link Market Services Limited
Level 16, Brookfields House
19 Victoria Street
Auckland, New Zealand
(PO Box 91976, Auckland 1030, New Zealand)
Telephone: 0800 150 013 (in New Zealand)
Telephone: +61 2 8280 7201 (international)
Fax: +64 9 375 5990
Email: imsenquiries@linkmarketservices.com
Website: www.linkmarketservices.com



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