Goodman Fielder Limited
ABN 51 116 399 430

T2, 39 Delhi Road North Ryde NSW 2113 Australia
Locked Bag 2222 North Ryde NSW 2113 Australia
Tel: 61 2 8899 7000 Fax: 61 2 8026 4200
www.goodmanfielder.com.au

14 October 2011

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 2011 Annual General Meeting and Proxy Form, which will be despatched to shareholders today.

The Company's 2011 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

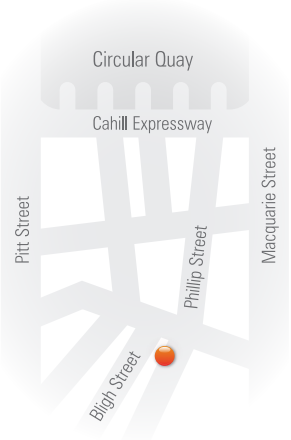
Larger than life brands.

Notice of Annual **General Meeting.**

2011

goodman fielder

our homegrown food company



The 2011 Annual General Meeting of shareholders of Goodman Fielder Limited ('the Company') will be held on Thursday, 24 November 2011 at 10.30am in the Sydney and Melbourne Rooms, Sofitel Sydney Wentworth Hotel, 61 – 101 Phillip Street, Sydney.

Agenda

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 2011.

2. REMUNERATION REPORT

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

"That the Remuneration Report for the financial year ended 30 June 2011 be adopted."

Note: The vote on this resolution is advisory only.

3. GRANT OF PERFORMANCE RIGHTS AND SHARE RIGHTS TO THE MANAGING DIRECTOR

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

"That approval be given for the grant to the Managing Director and Chief Executive Officer, Mr Chris Delaney, under and in accordance with the terms of his employment contract, of:

a. performance rights as a sign-on incentive;

b. share rights under the Company's Short-term Incentive Plan; and

c. share rights under the Company's Performance Share Plan,

on the terms set out in the Explanatory Notes accompanying the Notice of this Meeting."

4. PAYMENT OF BENEFITS TO THE MANAGING DIRECTOR ON CESSATION OF EMPLOYMENT

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

"That for the purposes of sections 200B and 200E of the Corporations Act, approval is given for the Company to provide benefits that might become payable to Mr Chris Delaney under and in accordance with his employment contract and his participation in the Short Term Incentive Plan and Performance Share Plan in connection with the cessation of his employment with the Goodman Fielder Group (details of which are set out in the Explanatory Notes accompanying the Notice of this Meeting)."

5. AMENDMENT OF CONSTITUTION

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

"That, pursuant to section 136(2) of the Corporations Act and for all other purposes, the Constitution of the Company be amended with immediate effect by inserting the words "except where a fee may be charged under the Listing Rules" after the words "transfer of shares" in rule 5.1(e)."

6. RE-ELECTION OF DIRECTOR – MR MAX OULD

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

"That Mr Max Ould, who will retire at the close of the meeting in accordance with Rule 8.1(d) of the Company's Constitution, and being eligible and having offered himself for re-election, be re-elected as a Director of the Company."

7. RE-ELECTION OF DIRECTOR – MR IAN JOHNSTON

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

"That Mr Ian Johnston, who will retire at the close of the meeting in accordance with Rule 8.1(d) of the Company's Constitution, and being eligible and having offered himself for re-election, be re-elected as a Director of the Company."

It is intended that all proposed resolutions will be conducted by poll.

Refer to the Explanatory Notes for further information on the proposed resolutions.

Voting Exclusions:

For all resolutions that are directly or indirectly related to the remuneration of a member of the Key Management Personnel (KMP) of the Company (being resolutions in respect of Items 2, 3 and 4), the Corporations Act 2001 (Cth) (Corporations Act) restricts KMP and their closely related parties from voting as proxies, in certain circumstances.

Closely related party is defined in the Corporations Act and includes family members and controlled companies.

In addition. voting restrictions apply in respect of Item 3 under the ASX Listing Rules.

Item 2

The Company will disregard any votes cast on Item 2:

a. by and on behalf of a member of the KMP as disclosed in the Remuneration Report;

b. by or on behalf of a closely related party of a member of the KMP as disclosed in the Remuneration Report; and

c. as a proxy by a member of the KMP or a KMP's closely related party,

unless the vote is cast as a proxy for a person entitled to vote on Item 2 in accordance with a direction on the Proxy Form.

Items 3 and 4

The Company will disregard any votes cast on Items 3 and 4:

a. in any capacity by Mr Delaney (being the only Director of the Company entitled to participate in any employee incentive scheme operated by the Company) or any of his associates; and

b. as a proxy by a member of the KMP or a closely related party of a member of the KMP.

However, a vote will not be disregarded if:

a. it is cast as proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form; or

b. it is cast by the Chairman of the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

By order of the Board

Jonathon West
Company Secretary
14 October 2011

Entitlement to Attend and Vote

The Board has determined, for the purposes of the Meeting (including voting at the Meeting), that only those persons who are registered holders of ordinary shares of the Company at 7.00pm (AEDT) on Tuesday, 22 November 2011 will be treated as shareholders.

You may vote by attending the Meeting in person or by proxy. If you are attending in person, please still bring your personalised proxy form to the meeting to assist with your registration.

Voting by Proxy

If you are unable to attend the Meeting, you are encouraged to 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. If the Chairman of the Meeting is appointed as your proxy, but the appointment does not specify the way to vote on a resolution, then the Chairman intends to vote undirected proxies in favour of all items of business (subject to the other provisions of these notes, the proxy form, the voting exclusions in the Notice of Meeting and applicable law).

Members of the KMP (which includes each of the Directors) will not be able to vote your proxy on Item 2 (Remuneration Report), Item 3 (Grants of performance rights/share rights to the Managing Director) or Item 4 (Benefits payable to the Managing Director on cessation of employment) unless you tell them how to vote. If you intend to appoint a member of the KMP (such as one of the Directors) as your proxy, please ensure that you direct them how to vote on Items 2, 3 and 4.

If you intend to appoint the Chairman of the Meeting as your proxy, you can direct him how to vote by either marking the boxes for Items 2, 3 and 4 (for example to vote "for", "against" or to "abstain" from voting) or by marking the Chairman's box on the proxy form (in which case the Chairman of the Meeting will vote in favour of these Items).

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, you are encouraged to direct that proxy how to vote. You may direct the proxy to vote "for" or "against" each resolution or to abstain from voting by marking the appropriate box on the proxy form.

In accordance with the Corporations Act, where a poll is conducted in relation to a proposed resolution, if:

- a shareholder has appointed a proxy (other than the Chairman) and the appointment of the proxy specifies the way the proxy is to vote on the resolution; and
- that shareholder's proxy is either not recorded as attending the Meeting or does not vote on the resolution,

the Chairman of the Meeting will, before voting on the resolution closes, be taken to have been appointed as the proxy for the shareholder for the purposes of voting on that resolution and must vote in accordance with the written direction of the shareholder.

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 and you have not provide a direction to your proxy as to how to vote your shares, your votes will not be cast on a poll or a show of hands.

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,
19 Victoria Street
Auckland 1010 New Zealand
PO Box 91976 Auckland 1142
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 and selecting "Investor Login" for shareholders on the Australian register and www.linkmarketservices.com and selecting "Proxy Voting" for shareholders on the New Zealand register).

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 10.30am (AEDT) or 12.30pm (NZT) on Tuesday, 22 November 2011, being 48 hours before the commencement of the Meeting.

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 10.30am (AEDT) or 12.30pm (NZT) on Tuesday, 22 November 2011.

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. 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.

Shareholder Questions

Shareholders are invited to submit questions to the Company in advance of the Meeting either online at agmquestions@goodmanfielder.com.au or by post addressed to the Assistant Company Secretary, Goodman Fielder Limited, Locked Bag 2222, North Ryde, NSW 2113 Australia. Questions must be received by no later than 5.00pm (AEDT) on 11 November 2011 and should relate to matters that are relevant to the business of the meeting, as outlined in the Notice of Meeting and Explanatory Notes.

Questions will be collated and, during the Meeting, either the Chairman or the Managing Director will seek to address as many of the more frequently raised topics as possible, having regard to the available time. The Chairman will request that a representative of KPMG, the Company's auditor, respond to questions relating to the audit, accounting policies adopted in relation to the conduct of the audit or the independence of the auditor. Please note that responses will not be provided on an individual basis to questions submitted in writing by shareholders prior to the Meeting.

The Meeting will be webcast for those shareholders who are unable to attend. Please be aware that shareholders will not be able to vote on resolutions or ask questions via the webcast.

Annual Report

Goodman Fielder's 2011 Annual Report is available in the 'Shareholders' section of the Company's website at www.goodmanfielder.com.au /index.php?q=node/91.

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, 24 November 2011 and should be read in conjunction with the Notice of 2011 Annual General Meeting. The Notice of Meeting has been approved by NZX.

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

Item 1: Financial Statements and Reports

In accordance with the Corporations Act and the Constitution of the Company, the Annual Financial Report (which includes the financial statements of the consolidated entity, notes to the financial statements and Directors' Declaration), the Directors' Report and the Auditor's Report will be presented for consideration at the Annual General Meeting. The Company's 2011 Annual Report contains copies of these reports and is available in the 'Shareholders' section of the Company's website at www.goodmanfielder.com.au/index.php?q=node/91.

Shareholders will be provided with a reasonable opportunity to ask questions about, and make comments on, the reports and on the management of the Company.

Shareholders will also have a reasonable opportunity to ask the Company's 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 financial statements and the independence of the auditor in relation to the conduct of the audit.

Item 2: Remuneration Report

The Company's Remuneration Report is set out on pages 33 to 53 of the 2011 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.

Shareholders will be provided with a reasonable opportunity 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.

The vote on this resolution is advisory only and does not bind the Directors or the Company. However, the Board will consider the outcome of the vote when reviewing the remuneration policy and practices of the Company in future years.

The Chairman of the Meeting intends to vote all available proxies in favour of this item of business.

Directors' Recommendation

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

Item 3: Approval of Incentive Arrangements of the Managing Director and Chief Executive Officer

Item 3 relates to incentive arrangements which form part of the remuneration of Mr Chris Delaney, who was appointed the Company's new Managing Director and Chief Executive Officer effective 4 July 2011, as provided for under his employment contract. The key terms of Mr Delaney's employment contract are set out on pages 48 and 49 of the Company's 2011 Annual Report.

Under his contract, Mr Delaney's remuneration consists of:

- base or fixed salary;
- a short-term incentive (STI), payable in cash or, at the Board's discretion, 75% in cash and 25% deferred into rights to obtain fully paid shares in the Company (**share rights**);
- a long-term incentive (LTI) under the Company's Performance Share Plan (PSP) in the form of share rights that will vest after three years subject to his continued employment and performance hurdles being met; and
- a sign-on incentive of 1,000,000 performance rights (**performance rights**) that vest subject to service and performance hurdles being met.

ASX Listing Rule 10.14 requires that shareholder approval be obtained for a director to acquire securities under an employee incentive scheme but this requirement does not apply to securities that are purchased on-market on behalf of directors. As it is intended that the underlying shares to satisfy any of Mr Delaney's share rights or performance rights that vest will be purchased on-market, the Company is not required to seek shareholder approval in respect of those entitlements. However, the Board believes it is appropriate to obtain shareholder approval of Mr Delaney's entitlements for transparency and governance purposes.

For the 2012 financial year, if shareholder approval is obtained and subject to applicable service and performance conditions being met, Mr Delaney may be entitled to the following performance rights and/or share rights:

- 1,000,000 performance rights as a sign-on incentive;
- share rights under the 2012 STI plan up to a maximum value of $360,235 at the time of allocation of those rights; and
- a maximum of 1,875,000 share rights under the 2012 PSP.

The share rights and/or performance rights that are proposed to be granted to Mr Delaney as part of his STI, LTI and sign-on incentive are to be personal to Mr Delaney and cannot be sold, transferred, mortgaged, charged or otherwise disposed of or dealt with. Mr Delaney is also prohibited from entering into any hedging arrangements with respect to share rights and/or performance rights.

Share rights and performance rights do not carry voting or dividend rights, however, shares allocated upon vesting of those rights carry the same rights as other ordinary shares in the Company. Once shares are transferred to Mr Delaney upon vesting of the rights, no disposal restrictions will apply, other than as set out in the Company's securities trading policy or pursuant to the insider trading provisions of the Corporations Act.

In the event that the grants of share rights and/or performance rights to Mr Delaney under Item 3 are not approved, the entitlements will instead be delivered to Mr Delaney in cash.

Sign-on Incentive

Subject to shareholder approval being obtained, Mr Delaney is entitled to receive an award of 1,000,000 performance rights offered to him as a sign-on incentive to join the Company under and in accordance with the terms of his employment contract. The non-executive Directors consider the sign-on incentive to be reasonable in the circumstances in order to attract a Chief Executive Officer of Mr Delaney's experience and capabilities. The proposed sign-on incentive is a one-off entitlement and is separate from Mr Delaney's annual STI and LTI entitlements.

If shareholder approval is obtained, the Company will grant the performance rights to Mr Delaney shortly after the Annual General Meeting and, in any case, no later than 12 months after the Meeting.

Each performance right represents an entitlement to one fully paid ordinary share in the Company subject to vesting conditions linked to the following service and performance conditions:

a. 500,000 performance rights to vest three years after the commencement of Mr Delaney's employment subject to his continued employment over the three-year period. These performance rights will be forfeited if he ceases employment with the Goodman Fielder Group for any reason prior to the third anniversary of his commencement; and

b. 500,000 performance rights to vest three years after the commencement of Mr Delaney's employment, subject to the Company achieving a compound annual earnings per share (EPS) growth rate of at least 10% over the three-year period. Should Mr Delaney's employment cease prior to the end of the three-year period, the performance rights that are subject to the EPS performance condition will vest on a pro-rata basis for the period that has been completed provided the performance condition has been satisfied over that reduced period.

If the vesting conditions are satisfied, the performance rights vest and shares will be delivered to Mr Delaney.

Short-term Incentive

Mr Delaney is entitled to a STI for the 2012 financial year of up to 108.75% of his fixed remuneration if all stretch incentive targets are met, which will be paid in cash or, subject to shareholder approval and the exercise of Board discretion, in a combination of cash and share rights. Under the STI plan, up to 25% of Mr Delaney's total STI award may be granted in the form of share rights that will vest at the end of a further one year period subject to his continued employment over that period. The value and number of the STI share rights will depend on the Company's performance against the incentive targets and the Company's share price on the last trading day of the 2012 financial year and will be determined according to the following formula:

$$A \times B \times C \div D$$

where

A = the value of Mr Delaney's total fixed remuneration for the 2012 financial year

B = Mr Delaney's % STI achievement for the year, based upon the applicable performance measures

C = the deferred STI component of the total award (maximum of 25% for this grant)

D = the closing price on the ASX of the Company's shares on 29 June 2012 (the last trading day of the 2012 financial year).

The extent to which Mr Delaney is awarded an STI for the 2012 financial year is contingent upon the Company's achievement of the performance measures applicable under the 2012 STI plan. Consistent with other senior executives, Mr Delaney's STI entitlement to share rights and/or a cash award under the 2012 STI plan is subject to the achievement of net profit after tax (NPAT) and safety performance measures set by the Board.

As such, the total number of share rights which may be granted to Mr Delaney under his STI entitlement can only be determined after the end of the 2012 financial year, once the Company's financial results and safety performance have been assessed and the closing price of the Company's shares on 29 June 2012 is known. The maximum value of the award that may be deferred and paid in shares of the Company if all stretch performance targets are achieved is $360,235.

On satisfaction of and subject to the performance conditions set out above and subject also to the Board exercising its discretion to grant Mr Delaney's STI award in both cash and share rights, the share rights will be granted to Mr Delaney in or around September 2012 (and, in any case, no later than 12 months after the Meeting) and, subject to his continued employment, will vest one year after they have been granted and shares in the Company will then be delivered to Mr Delaney.

In the event that Mr Delaney's employment ceases part way through the 2012 financial year, the Board may, in accordance with its discretion under the STI plan, pay a pro-rata STI award to Mr Delaney for the period that he has completed, where the Board has determined that the Company's performance is on target to achieve the full year performance measures set by the Board at the time of his employment ceasing. In accordance with his contract of employment, if Mr Delaney's employment is terminated after the share rights are granted and prior to their vesting, Mr Delaney will be entitled to retain a pro-rata portion of the unvested share rights.

Long-term Incentive – Performance Share Plan

The Company's Performance Share Plan (PSP) has been designed to support the achievement of the Company's business strategy by linking executive rewards to improvements in the Company's financial performance and aligning the interests of executives with those of shareholders. The PSP, which was approved by shareholders at the Company's 2007 Annual General Meeting, is a LTI plan for the Company's most senior executives. Nominated senior executives are eligible to receive share rights in the Company over rolling three-year periods, provided key performance criteria approved by the Board are met.

Subject to shareholder approval, Mr Delaney will be entitled to a LTI award under the PSP of up to 150% of his fixed remuneration for the 2012 financial year to be delivered in share rights. These share rights will vest subject to the Goodman Fielder Group achieving 'stretch' performance against a performance hurdle at the end of a three-year performance period from 1 July 2011 until 30 June 2014. The percentage of Mr Delaney's 2012 LTI that vests (if any) at the end of the performance period will be determined as set out below by reference to the Company's total shareholder return (TSR) percentile ranking against the TSR performance of a selected group of comparator companies at the end of the performance period. TSR is the combined return from changes in the market value of a share and dividends paid to shareholders.

The maximum number of share rights to be granted to Mr Delaney is 1,875,000, reflecting the potential LTI entitlement to 150% of his fixed remuneration. The maximum number of share rights would vest only if 'stretch' targets were achieved.

The comparator group of companies used to determine the Company's relative TSR performance comprises the following 20 companies within the consumer staples, consumer discretionary, healthcare, IT and telecommunications sectors:

Billabong International Limited, Coca-Cola Amatil Limited, Computershare Limited, CSL Limited, Crown Limited, David Jones Limited, Fairfax Media Limited, Foster's Group Limited, Flight Centre Limited, GrainCorp Limited, Harvey Norman Holdings Limited, JB Hi-Fi Limited, Myer Holdings Limited, Pacific Brands Limited, Ramsay Health Care Limited, Sigma Pharmaceuticals Limited, Sonic Healthcare Limited, Tabcorp Holdings Limited, Tatts Group Limited, and *Telecom Corporation of New Zealand Limited.*

The table below sets out the percentage of Mr Delaney's 2012 LTI that will vest in relation to the Company's TSR percentile ranking at the end of performance period:

Goodman Fielder TSR performance measured against comparator group	Percentage of TSR performance measure earned	Percentage of total potential FY2012 LTI award which vests
0 to 49th percentile	Nil	Nil
50th to 64th percentile	50%	33%
65th to 74th percentile	100% – 149%	66% – 99%
75th to 100th percentile	150%	100%

The total number of shares to which Mr Delaney may become entitled under the PSP on vesting of his share rights will be determined according to the following formula:

$X \times Y \div Z$

where

X = the value of Mr Delaney's total fixed remuneration for the 2012 financial year

Y = Mr Delaney's % LTI achievement at the end of the performance period, based upon the applicable relative TSR percentile

Z = the closing price on the ASX of the Company's shares on 30 June 2011 (the last trading day of the 2011 financial year).

If shareholder approval is obtained, it is intended that Mr Delaney's LTI entitlement will be granted shortly after the Annual General Meeting and, in any case, no later than 12 months after the Meeting.

In the event that Mr Delaney's employment ceases part way through the performance period, the Board may, in accordance with its discretion under the PSP, allow pro-rata vesting of his LTI entitlement for the portion of the performance period that has been completed where the Board has determined that the Company's TSR performance is on target to meet the performance hurdle described above at the time of his cessation of employment.

Additional information

The following additional information is provided in respect of Mr Delaney's proposed sign-on incentive and his entitlements under the Company's STI plan and PSP:

a. No loan scheme applies in relation to the sign-on incentive, STI plan and PSP and, if approved by shareholders, the performance rights and/or share rights will be granted for no consideration and no money is payable on the vesting of those rights;

b. Mr Delaney is the only individual entitled to participate in the grant of the sign-on incentive and the only Director entitled to participate in the STI plan and PSP, both of which are also open to other executives of the Company;

c. The closing price of the Company's shares on ASX on 5 October 2011 (being the date before this Notice of Meeting was scheduled for printing) was $0.48; and

d. Details of any shares transferred to Mr Delaney in relation to his sign-on incentive, his 2012 STI entitlement and his 2012 PSP entitlement will be published in the Company's Annual Report and released to ASX and NZX at the time those shares are acquired by Mr Delaney, with confirmation that approval was obtained from shareholders.

In the event of a takeover bid being made for the Company, or other change in control, the Board may exercise its discretion as to whether any or all of Mr Delaney's unvested performance rights and share rights vest, having regard to performance to the relevant date.

The Chairman of the Meeting intends to vote all available proxies in favour of this Item of business.

Directors' Recommendation

The non-executive Directors unanimously recommend that shareholders vote in favour of this resolution.

Item 4: Approval of Termination Benefits

Why is this resolution being proposed?

In November 2009, the Corporations Act was amended to reduce the maximum termination benefits that can be given to directors and senior executives without shareholder approval and to expand the scope of those provisions. Sections 200B and 200E of the Corporations Act now prohibit the Company from giving a Director or other member of the key management personnel of the Company a benefit in connection with that person's retirement from office or position of employment that exceeds their annual base salary (averaged over the three years prior to cessation), unless shareholder approval is given or the benefit is exempt from the need for shareholder approval.

As a result of these changes, the Company may be prohibited from allowing an executive's share rights under the Company's STI and LTI plans to vest where an 'accelerated event' (such as a redundancy) occurs where the value of the share rights that are allowed to vest, when combined with the executive's benefits that are payable on termination under his or her employment arrangements (for example, payment in lieu of notice), may exceed the 12 month base salary cap under the Corporations Act.

This resolution is proposed to seek shareholder approval for the purposes of sections 200B and 200E of the Corporations Act for certain termination benefits to be provided to Mr Delaney under his employment contract and under the Company's LTI and STI plans.

A summary of Mr Delaney's remuneration package was disclosed to the market on his appointment and is set out on pages 48 and 49 of the Company's 2011 Annual Report. His STI and LTI entitlements, and the terms of his sign-on incentive are discussed under Item 3 above.

Shareholder approval is sought in respect of the following benefits which may be given to Mr Delaney under his contract and under the Company's LTI and STI plans:

- payment in lieu of all or part of the 12 month notice period (based on Mr Delaney's then current fixed remuneration);
- payment of pro-rata STI (based on performance) in respect of the financial year in which employment ceases;
- the exercise of Board discretion in relation to unvested share rights and unvested performance rights (including the exercise of discretions by the Board to allow vesting of share rights in an 'accelerated event' or in the case of termination on notice or due to the effluxion of time (as Mr Delaney's contract is a 4 year contract), or where Mr Delaney terminates due to a material and fundamental change in his role and responsibilities).

Specifically, shareholder approval is sought for the benefits which are set out above (including the exercise of discretions by the Board to allow vesting of share rights and/or performance rights in an 'accelerated event'). These benefits are in addition to the statutory and contractual entitlements that may be provided to Mr Delaney without the need for shareholder approval under the Corporations Act and which may or may not be linked to termination of his employment.

The actual value of the termination benefits that may become payable to Mr Delaney on termination of his employment cannot be ascertained in advance as various events and circumstances will or are likely to affect the calculation of the value. In particular, the following factors may affect the value of the termination benefits for which approval is sought:

- the circumstances of cessation of employment;
- his total fixed remuneration at the time of his termination;
- the number of unvested share rights and/or performance rights that he holds at the time of termination;
- the market price of the Company's shares on ASX at the relevant time; and
- any other factors that the Board determines to be relevant when exercising its discretion under his employment contract or under the terms of the Company's STI plan and LTI plan (such as the assessment of the Company's or Mr Delaney's performance up to the termination date).

The non-executive Directors believe that the potential termination benefits that may be payable to Mr Delaney for which approval is sought are reasonable in all the circumstances.

The Chairman of the Meeting intends to vote all available proxies in favour of this Item of business.

Directors' Recommendation

The non-executive Directors unanimously recommend that shareholders vote in favour of this resolution.

Item 5: Amendment of Constitution

Item 5 is a special resolution to amend the Company's Constitution. The proposed amendment is necessary to reflect a recent amendment to the ASX Listing Rules relating to registration of share transfers. In January 2011 ASX Listing Rule 8.14 was amended to permit listed entities to charge a reasonable fee for registering paper-based share transfers ("off-market transfers") in registrable form. The Listing Rule was amended to enable listed entities and their share registries to better protect the interests of shareholders by enhancing their fraud detection practices in relation to off-market transfers.

The effect of this change to the Listing Rules is that some investors may be asked to pay a reasonable fee if they submit an off-market transfer form to a listed entity or registry for registration. The Company wishes to ensure that the Company's Constitution is consistent with the revised ASX Listing Rules, and that there is no argument that the charge of such a payment, even by a third party such as the Company's share registry, would breach the existing provisions of the Company's Constitution, in particular Rule 5.1(e), which provides "*The company must not charge a fee for registering a transfer of shares*.". As such, it is proposed by this resolution that Rule 5.1(e) of the Constitution be amended with immediate effect to read "*The Company must not charge a fee for registering a transfer of shares, except where a fee may be charged under the Listing Rules.*".

Directors' Recommendation

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

Items 6 and 7: Re-election of Directors

Under Rule 8.1(d) of the Constitution and ASX Listing Rule 14.4, a Director (other than the Managing Director) must not hold office without re-election past the third Annual General Meeting following the meeting at which the Director was last elected or re-elected. A Director who retires in accordance with these requirements is eligible for re-election.

Mr Max Ould and Mr Ian Johnston are both due to retire at the end of the Meeting and, being eligible, both Directors offer themselves for re-election by shareholders at the Meeting.

Item 6: Re-election of Director – Max Ould

Information about the candidate for re-election

Max Ould

Age 64, BEc

Max Ould has been a Director of the Company since 14 November 2005 and Chairman of the Board since 31 August 2006. He was appointed Chairman of the Nomination Committee at the time of his appointment to the Board. He also served as a Member of the Remuneration Committee (now the Human Resources and Remuneration Committee) between 14 November 2005 and 24 March 2010. He was appointed Executive Chairman of the Company on an interim basis between 30 April 2011 and 4 July 2011, at which time Chris Delaney became Goodman Fielder's new Chief Executive Officer.

Mr Ould has extensive experience in the Australian food industry, including previous roles as Managing Director of the East Asiatic Company, Chief Executive Officer of Pacific Dunlop's Peters Foods division and Managing Director of National Foods Limited from 1996 to 2003.

Mr Ould is also the Chairman of Treasury Wine Estates Limited and a Director of AGL Energy Limited. He is a former Director of Foster's Group Limited and Pacific Brands Limited.

Directors' Recommendation

The Directors (other than Mr Ould) unanimously recommend that shareholders vote in favour of this resolution.

Item 7: Re-election of Director – Ian Johnston

Information about the candidate for election

Ian Johnston

Age 64, BCom, CPA

Ian Johnston was appointed a Director of the Company on 26 May 2008. He is also a Member of the Audit Committee and the Human Resources and Remuneration Committee, having been appointed to both Committees at the time of his appointment to the Board.

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. He was subsequently appointed Managing Director of Cadbury's UK business before becoming Managing Director, Global Confectionery of Cadbury Schweppes plc from 1996 until 2000.

Between 2001 and 2004 Mr Johnston served as President and Chief Operating Officer of The Olayan Group, a privately-owned Saudi Arabian conglomerate. More recently he held the position of Chief Executive Officer of Foster's Group Limited between September 2008 and May 2011.

Directors' Recommendation

The Directors (other than Mr Johnston) unanimously recommend that shareholders vote in favour of this resolution.

goodman fielder
our homegrown food company

Goodman Fielder Limited
ABN 51 116 399 430

LODGE YOUR VOTE

ONLINE www.linkmarketservices.com.au

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

By fax: +61 2 9287 0309

All enquiries to: Telephone: 1800 178 254 **Overseas:** +61 2 8280 7995

X99999999999

For personal use only

SHAREHOLDER 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 shareholder) you are appointing as your proxy

or failing the person/body corporate named AND where I/we have provided voting directions in Step 2, the Chairman of the Meeting, 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 **10:30am (AEDT) on Thursday, 24 November 2011, in the Sydney and Melbourne Rooms, Level 3, Sofitel Sydney Wentworth Hotel, 61 - 101 Phillip Street, Sydney** and at any adjournment or postponement of the meeting.

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 and you have not provided a voting direction in Step 2, 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

	For	Against	Abstain*
Item 2 Remuneration Report	☐	☐	☐
Item 3 Grant of Performance Rights and Share Rights to Managing Director	☐	☐	☐
Item 4 Payment of Benefits to Managing Director on Cessation of Employment	☐	☐	☐
Item 5 (Special Resolution) Amendment of Constitution	☐	☐	☐
Item 6 Re-election of Director, Max Ould	☐	☐	☐
Item 7 Re-election of Director, Ian Johnston	☐	☐	☐

* 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 VOTING EXCLUSIONS – IMPORTANT FOR ITEMS 2, 3 AND 4 IF THE CHAIRMAN OF THE MEETING IS YOUR PROXY

By marking this box, you are directing the Chairman of the Meeting to vote in accordance with the Chairman's voting intention as set out below and in the Notice of Meeting for each of these items. If you do not mark this box and you have not directed your proxy how to vote on these items, the Chairman of the Meeting will not cast your votes on those items and your vote will not be counted in calculating the required majority if a poll is called on these items. Please turn over for more important information on this Step.

Voting Intention: The Chairman of the Meeting intends to vote all available proxies in favour of Items 2, 3 and 4.

☐ I/We direct the Chairman of the Meeting to vote in accordance with the Chairman's voting intentions on Items 2, 3 and 4 (except where I/we have indicated a different voting intention above) and acknowledge that the Chairman of the Meeting may exercise my proxy even though these items are connected directly or indirectly with the remuneration of a member of key management personnel and even if the Chairman of the Meeting has an interest in the outcome of these items and that votes cast by the Chairman, other than as proxy holder, would be disregarded because of that interest.

STEP 4 SIGNATURE OF SHAREHOLDERS – THIS MUST BE COMPLETED

PLEASE ENSURE THAT YOU HAVE ALSO COMPLETED STEPS 1 AND 3 ABOVE OR YOUR VOTES MAY NOT BE CAST.

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

This form should be signed by the shareholder. If a joint holding, either shareholder may sign. If signed by the shareholder'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 PRX101

HOW TO COMPLETE THIS PROXY FORM

Your Name and Address

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

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 Step 1 blank, or your named proxy does not attend the meeting and you have not provided a voting direction in Step 2, your votes will not be cast.** A proxy need not be a shareholder 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 shares will be voted in accordance with such a direction unless you indicate only a portion of voting rights are to be voted on any item by inserting the percentage or number of shares you wish to vote in the appropriate box or boxes. If you do not mark any of the boxes on the items of business, your proxy may vote as he or she chooses. If 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 share registry or you may copy this form and return them both together.

To appoint a second proxy you must:

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

(b) return both forms together.

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 shareholder 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 share registry.

Further Information on Step 3 - Voting Exclusions – Items 2, 3 and 4

As set out in the Notice of Meeting, voting exclusions apply in respect of Items 2, 3 and 4. In particular, the Company will disregard any votes cast:

(a) on Items 2, 3 and 4, as a proxy by a member of key management personnel (KMP) and by any of their closely related parties;

(b) on Item 2, by or on behalf of a member of KMP as disclosed in the Remuneration Report and by any of their closely related parties; and

(c) on Items 3 and 4, by or on behalf of Mr Delaney or an associate of Mr Delaney,

unless the votes are cast in accordance with the directions in Step 2 of the Proxy Form or as set out below.

By marking the box at Step 3, you direct the Chairman of the Meeting to vote in accordance with the Chairman's stated voting intentions on those items (except where you have indicated a different voting intention overleaf) and you acknowledge that the Chairman of the Meeting may exercise your proxy even though each of Items 2, 3 and 4 are connected directly or indirectly with the remuneration of a member of key management personnel, and even if the Chairman of the Meeting has an interest in the outcome of these items and that votes cast by the Chairman, other than as proxy holder, would be disregarded because of that interest.

If you appoint the Chairman of the Meeting as your proxy, you can direct the Chairman how to vote by either marking the boxes in Step 2 or by marking the box in Step 3 (in which case the Chairman will vote in favour of Items 2, 3 and 4).

The Chairman of the Meeting intends to vote undirected proxies in favour of Items 5, 6 and 7 and intends to vote all available proxies in favour of Items 2, 3 and 4.

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 **10:30am (AEDT) on Tuesday, 22 November 2011,** 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:

ONLINE www.linkmarketservices.com.au

Login to the Link website using the holding details as shown on the proxy form. Select 'Voting' and follow the prompts to lodge your vote. To use the online lodgement facility, shareholders will need their "Holder Identifier" (Securityholder Reference Number (SRN) or Holder Identification Number (HIN) as shown on the front of the proxy form).

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

by fax:
+61 2 9287 0309

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.

Larger than life brands.

Goodman Fielder **Annual Report.**

2011

goodman fielder

our homegrown food company

Contents

Dear Shareholder,

Goodman Fielder reported a loss of $166.7 million (Net Profit After Tax [NPAT]) for the financial year ended 30 June 2011. This included an impairment charge of $300 million to the carrying value of the Baking division. It is important to note that the impairment charge was non-cash and that the underlying NPAT was a profit of $133.3 million. This was a reduction of more than 17% on the previous year and clearly that performance was disappointing and unacceptable.

Over the second half of the financial year the company came under significant pressure which resulted in a poor trading performance. In fact it was the most difficult period that I can recall in over 40 years in the Fast Moving Consumer Goods sector.

The company faced sharply increased input costs and a diminished ability to recover these costs due to a fiercely competitive retail environment with widespread deep discounting and a lack of consumer confidence. This was exacerbated by the impacts of a series of natural disasters in Australia and New Zealand and some management instability. Our Baking division, and to a lesser extent our New Zealand Dairy business, were severely impacted by these conditions and unfortunately our responses were inadequate to these rapidly deteriorating trading conditions.

The Board was pleased to welcome Mr Chris Delaney as CEO to the company. Chris commenced on 4 July and has moved quickly to stabilise the business and is working with the Board to develop corrective actions and forward plans. We will be announcing further detail on our strategic direction to our shareholders at the Annual General Meeting on 24 November 2011 in Sydney. This meeting will be webcast for the benefit of all shareholders who are not able to be present.

As well as executive renewal, we have also been undertaking a Board renewal process and three new quality Directors have been appointed over the past two years. However we currently do not have Board representation from New Zealand where we have a major part of our operations and we plan to address this gap in the near future. An orderly Chair succession is also essential and I expect that this would occur in the next 12 to 18 months as we move into a new era.

Yours sincerely

Max Ould
Chairman

Goodman Fielder at a glance

Goodman Fielder is Australasia's leading publicly listed food company. We own a host of iconic brands that generations of Australians and New Zealanders have grown up with in their pantries and kitchens.

We are one of the largest suppliers to Australian supermarkets and the largest in New Zealand.

The company manufactures, distributes and markets a broad range of brands and products covering every meal occasion – breakfast, lunch, dinner and snacks. We have no.1 or no.2 positions in most of the categories in which we compete.

Goodman Fielder has an extensive manufacturing footprint and a distribution network that delivers to over 30,000 outlets every day.

We supply packaged baked goods, spreads, dairy products, smallgoods, sauces, dressings, condiments, convenience foods and various other grocery products to supermarkets and convenience stores, including service stations.

We also supply bulk and packaged edible fats and oils and flour products in both branded and unbranded formats to food manufacturers and wholesalers.

The company employs over 7,500 people and manufactures and/or distributes its products from almost 90 locations in Australia, New Zealand, Asia and the Pacific.

Goodman Fielder makes a significant contribution to the sustainability of communities in Australia, New Zealand, Asia and the Pacific by providing a reliable source of safe and nutritious food products and by sharing the value generated by its operations with its employees, suppliers and customers. The Company also recognises, however, that it must continue to reduce its impacts on the environment. Goodman Fielder is therefore working hard to embed the principles of sustainability into the way it does business.

Information on the Company's sustainability performance and activities is available in the Company's 2010/11 Sustainability Report, which is available via the Company's website at www.goodmanfielder.com.au

Our Vision

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 customers' 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

Millions of Australians and New Zealanders turn to our well known brands to deliver essential food items to them every day. Our customers repeatedly reach out to our brands for top shelf performance in reliability, quality and affordability every time.

Fresh Baking

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

Fresh Dairy

The Fresh Dairy division is a major participant in the New Zealand dairy and smallgoods industries with some of the country's most recognised brands in fresh and flavoured milk, yogurt, dairy desserts, specialty cheese, cultured products and meats. The business distributes fresh dairy products to almost 13,000 customer points every day.

Home Ingredients

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

Integro Foods

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

Asia Pacific

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

Financial Results and Ratios

Results[1]

	FY 2011	FY 2010	Variation
Revenue	**$2,556.2m**	$2,660.1m	–3.9%
EBITDA	**$356.7m**	$385.3m	–7.4%
Free cash flow	**$340.0m**	$438.1m	–22.4%
Operating cash flow	**$207.6m**	$319.7m	–35.1%
NPAT before impairment[2]	**$133.3m**	$161.1m	–17.3%
NPAT after impairment	**($166.7m)**	$161.1m	
EPS before impairment	**9.7c**	11.7c	
Dividend per share	**7.75c**	10.75c	
Net debt[3]	**$955m**	$916m	

Ratios

	FY 2011	FY 2010
EBITDA margin	**14.0%**	14.5%
ROCE[4]	**13.3%**	12.7%
Gearing (Net Debt/EBITDA)[5]	**2.66 times**	2.29 times
Interest cover[5]	**3.71 times**	4.63 times

(1) All Financials are stated on a Reported basis.

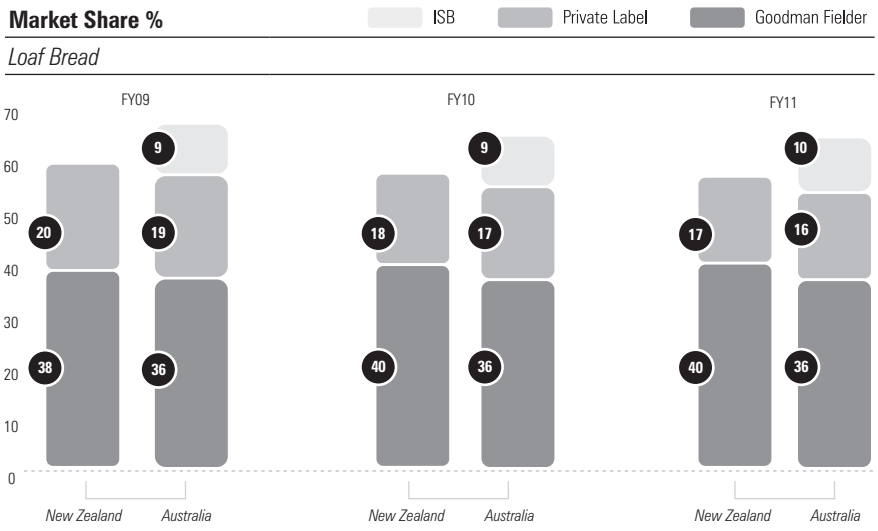
(2) As a result of the weak trading in the Baking division during the second half of the 2011 financial year, the company recorded a non-cash impairment charge of $300 million to the goodwill of the Baking division ($250 million in Australia and $50 million in New Zealand).

(3) This excludes in FY 2011 an unrealised foreign exchange gain of $71 million relating to the revaluation of the company's US dollar private placement debt.

(4) FY 2011 earnings have been normalised to exclude the impact of the $300 million non-cash impairment charge to the goodwill of the Baking division.

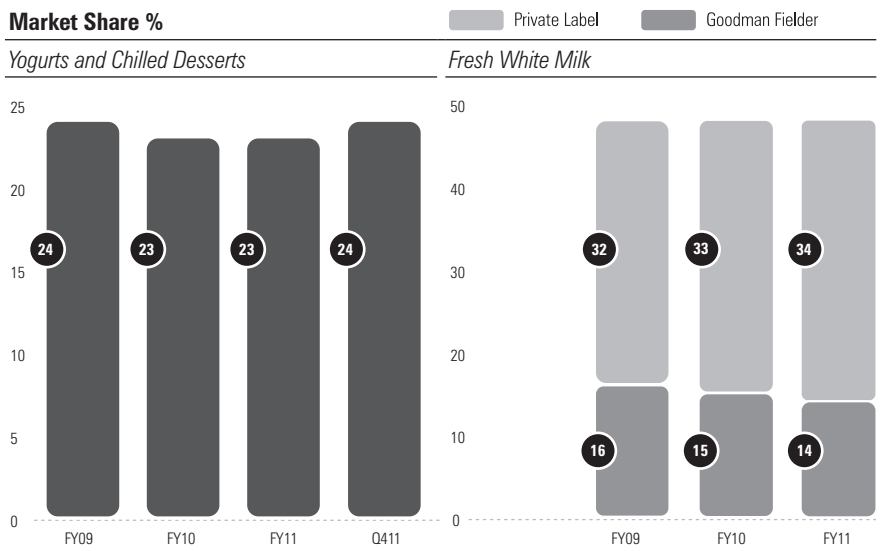
(5) Calculated in accordance with the Group's debt facility covenants.

Fresh Baking



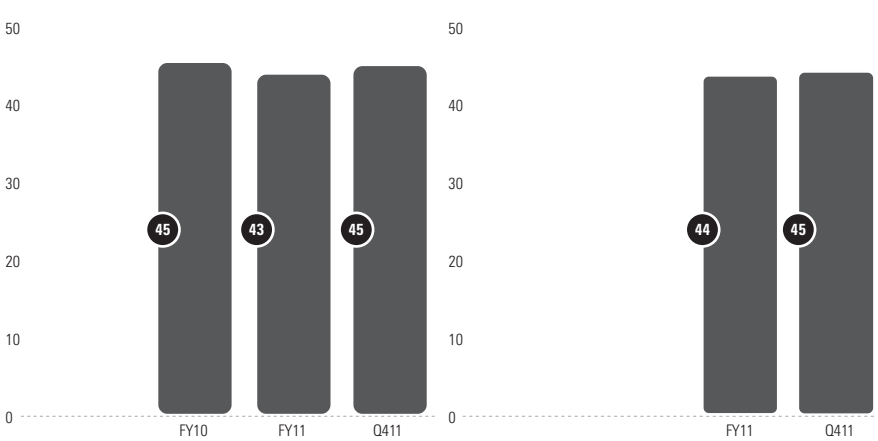
Source: Aztec scan ANZ

Fresh Dairy



Source: Aztec scan NZ

Home Ingredients



Source: Aztec scan ANZ

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 • Divestment of SICA stockfeed business in New Caledonia.
• Acquisition of La Biscuitière, a snacks business in New Caledonia.
• Acquisition of the Copperpot, Attiki and Palmyra dips, yogurts and pate 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.

2010 • Acquisition of remaining 50% of Oilstream joint venture.
• Opening of new head office and research facility in North Ryde, NSW.
• Opening of new corporate office and research facility in Auckland, New Zealand.

2011 • Acquisition of the Puhoi Valley Café and cheese store.

Board of Directors

Steven Gregg
Non-executive Director

Chris Froggatt
Non-executive Director

Peter Hearl
Non-executive Director

Chris Delaney
Managing Director and Chief Executive Officer

Senior Management

Rob Hilditch
Chief Information Officer

Andrew Hipperson
Managing Director
Home Ingredients

Ian Greenshields
Director
Corporate Affairs

Aaron Canning
Managing Director
Asia Pacific

Neil Kearney
Chief Financial Officer

Ian Johnston
Non-executive Director

Max Ould
Chairman

Clive Hooke
Non-executive Director

More information on the Board of Directors including experience and special responsibilities can be found in the Directors' Report on pages 26–28.

Peter Reidie
Managing Director
Fresh Dairy

Stuart Roberts
Managing Director
Integro Foods

David Clark
Group Human
Resources Director

Jonathon West
General Counsel,
Company Secretary
and Group Commercial Director

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.

The Company is listed on the Australian Securities Exchange (ASX) and is a dual listed issuer on the New Zealand Exchange (NZX) and its corporate governance statement for the year ended 30 June 2011 has been prepared with reference to the Corporate Governance Principles and Recommendations ("Recommendations") issued by the ASX Corporate Governance Council in August 2007 and the NZX Corporate Governance Best Practice Code. Except where stated, Goodman Fielder has complied with both sets of governance principles.

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 Group's annual and half-year financial statements;
- monitoring the effectiveness of the Group's enterprise risk management and internal control systems;
- approving the Company's strategic direction, budgets and business plans and monitoring performance against those plans; and
- oversight and approval of Director and executive performance management and evaluation systems, remuneration policies 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 the Directors 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.

During the 2011 financial year, the CEO, Mr Peter Margin, left Goodman Fielder after more than five years with the Company. Between Mr Margin's departure on 29 April 2011 and the appointment of Mr Chris Delaney (the new CEO) on 4 July 2011, Mr Max Ould, the Chairman of the Board of Directors, served as Executive Chairman, with authority for the day-to-day operations of the Company.

1.3 Performance Evaluation of Senior Executives

Annual performance objectives that include both financial and non-financial measures are set at the beginning of each financial year for all senior executives of the Group. 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 2011, half-year performance reviews were conducted in January 2011 and annual performance reviews were undertaken in July and August 2011.

The Remuneration Report on pages 33 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 who join the Group are required 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 the CEO, CFO and 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 as necessary to familiarise the executive with divisional 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.

At 30 June 2011, the Board comprised five non-executive Directors and the Executive Chairman, Mr Max Ould. Mr Ould served as Executive Chairman on an interim basis from 30 April 2011 to 4 July 2011, between the departure of Mr Margin, the former CEO and the appointment of Mr Delaney, the Company's new CEO. Details of Board members, including their skills, experience, qualifications and term in office, are set out on 26 to 28 .

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 Director 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, and Mr Ould (for the period during which he was Executive Chairman), were independent during the financial year ended 30 June 2011.

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 without the approval of a majority of other Directors.

2.4 Chairman

Mr Max Ould has held the position of Chairman of the Board since 31 August 2006. 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.

It is the Company's policy to maintain an appropriate division between the roles and responsibilities of the Board and management. Other than as noted above in relation to Mr Ould, 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 5 years of the expiration of that term.

2.5 Board Processes

The Charter provides for the Board to hold at least six physical meetings a year, and other meetings are called as necessary to address any specific matters that may arise. Physical meetings will generally include either a detailed review of one of the business divisions, review of the Company's annual or half-year results, or strategy and budget presentations. Board meetings may be scheduled at one of the Company's operating facilities enabling the Directors to also undertake an inspection of that facility to coincide with the meeting. Board teleconferences are held during the other months, with the Directors receiving monthly reports covering operating performance and specific matters to be brought to the Directors' attention, along with additional briefing papers on matters for the Board's consideration.

Details of Directors' attendances at meetings during the 2011 financial year are reported on page 29.

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 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.

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 at 30 June 2011 is set out below.

	Audit Committee	**Corporate Risk Committee**	**Nomination Committee**	**Human Resources and Remuneration Committee**[5]
Members holding office throughout the financial year	Clive Hooke* Ian Johnston Steve Gregg Peter Hearl	Steve Gregg* Clive Hooke Chris Froggatt	Max Ould* Chris Froggatt	Chris Froggatt[3]* Ian Johnston Peter Hearl
Appointed during the year			Peter Hearl[2]	
Resigned during the year		Hugh Perrett[1]	Hugh Perrett[1]	Hugh Perrett[4]*

* Committee Chairman
(1) Resigned 25 March 2011
(2) Appointed 25 March 2011
(3) Appointed Chairman 1 January 2011
(4) Retired as Chairman on 31 December 2010 and resigned from the Committee on 25 March 2011
(5) Formerly the Remuneration Committee. The name of the Committee was changed on 4 August 2010 to reflect its broader responsibility for human resources matters.

The Board may appoint additional non-executive Directors to a Committee or remove and replace members of the Committee by resolution.

Details of Directors' attendance at each Committee meeting during the 2011 financial year are set out on page 29. All Directors receive copies of Committee papers and non-executive Directors who are not Committee members may attend Committee meetings by standing invitation.

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 current membership of the Nomination Committee is set out in section 2.6 above.

The composition of the Board is regularly 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, reviewing Board succession plans and induction procedures for new appointees to the Board and establishing processes for the review of performance of individual Directors and the Board as a whole. Board size and diversity are considered as part of the Committee's assessment of Board composition and its succession planning process.

In addition to its charter, there is a policy and procedure for the selection and appointment of new directors to the Board. The Board utilises independent advisers to assist in identifying and assessing potential candidates for Board positions, based upon criteria specified by the Committee. The Board recognises the importance of diversity at all levels of the organisation and seeks to draw future directors from a broad pool of candidates.

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. The Committee met in February 2011 and all Directors met informally on a number of other occasions in connection with the selection and appointment of a new Managing Director and Chief Executive Officer 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 and assessment of Board effectiveness was conducted in October 2010 by an external adviser with corporate governance expertise. The results of the review were shared with the Board, Committee Chairs, each Director and the Executive Management team and action items identified are being addressed as part of a process of ongoing communication between the Board and management. It is intended that an external evaluation of Board effectiveness will be conducted every three years.

2.9 Retirement and Re-election of 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 his or her election or last re-election.

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, meet with key senior executives from each division and corporate department and are given the opportunity to conduct site visits at significant operational facilities in various locations, as well as visits to stores and depots.

Monthly Board reports include information on recent regulatory developments, as well as commentaries and research reports on relevant issues which are provided for Director consideration. Presentations by external advisers on regulatory developments relating to OH&S and the environment are arranged by management as considered appropriate.

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, covering a wide range of responsibilities 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. Employees are also able to contact a whistleblower hotline operated by an external party to report serious misconduct or unethical behaviour within the Group.

The Company maintains a Competition and Consumer Law Compliance Program which involves ongoing training and monitoring of relevant staff in the prohibitions and requirements of trade practices and consumer protection legislation. The Company has also established a conflicts of interest policy and a register enabling employees to record any interests they have which might conflict with their obligations and duties to the Group. Salaried employees are required to provide an annual confirmation of compliance with the Company's Code of Conduct and conflicts of interest policy.

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

The Company recognises the integral role of Directors and senior executives in fostering a culture of compliance and ethical conduct and has adopted a Code of Ethics and Conduct of Directors, Senior Executives and Officers (Code of Ethics).

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 31.

Directors and employees of the Group are bound by Goodman Fielder's policy on dealing in the securities of the Company or a subsidiary. Under the policy, a Director or "Designated Officer" (a member of the Executive Management team, their direct reports and other specified individuals) 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 ("Trading Windows"). In exceptional circumstances, as specified in the policy, a Director or Designated Officer may deal in securities outside of a Trading Window with prior written approval. Other employees are able to deal in securities at any time, provided they are not in possession of inside information.

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

Directors and executives reporting directly to the CEO provide annual written confirmation of compliance with the Code of Conduct, Code of Ethics and Goodman Fielder's policy on dealing in Company securities.

3.4 Diversity Policy

A draft diversity policy was developed during the 2011 financial year and was formally approved by the new CEO and Board in July 2011. A summary of that policy is available on the Company's website. The policy includes requirements for the Board to establish measurable objectives for achieving gender diversity and for the Board to annually assess the objectives and progress in achieving them. The Company is currently ensuring the data collection and reporting procedures are in place to enable the provision of Board reports which will allow Directors to monitor progress towards achieving agreed diversity objectives. A review of Board and Committee Charters has been undertaken to ensure that the Charters appropriately incorporate additional responsibilities in relation to diversity. As part of its expanded responsibility for human capital matters, the Human Resources and Remuneration Committee has responsibility for reviewing the relative proportion of women and men at all levels of the organisation and monitoring the Company's performance in respect of its diversity initiatives.

The Company's employment policies have been and will continue to be regularly reviewed to support flexible work arrangements, subject to business needs being met, which benefits all of our diverse employee group. A Round Table forum of senior women was established in the latter half of the financial year to identify further actions and initiatives to support diversity throughout the Group, and membership in this forum will be extended more broadly within the organisation over time.

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 and it 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, including assessing the effectiveness and adequacy of the Company's internal control framework;
- 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

Consistent with the ASX Listing Rules, 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.

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

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 Johnston is a qualified accountant who has over 30 years' experience in the international food and beverage industry, including his most recent position as Chief Executive Officer of Foster's Group Limited. Mr Hearl is an experienced senior executive with expertise in the FMCG sector who has worked extensively in Europe, the USA, Australia and the Asia Pacific region, most recently as Chief Operating and Development Officer for Yum Brands, the world's largest (by number of outlets) restaurant company. Mr Gregg is a highly experienced investment and commercial banker with Australian and international executive experience.

4.3 Meetings of the Audit Committee

The Audit Committee met four times during the year ended 30 June 2011. Details of attendance at meetings of the Audit Committee are set out on page 29 of the Annual Report. 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.

During the 2011 financial year, in addition to the Board performance evaluation that was undertaken in October, a separate performance evaluation and effectiveness review of the Committee was conducted by an external consultant with expertise in Audit Committee governance. The results of the review were shared with the Members, the Board and key Company executives and a number of initiatives have subsequently been undertaken to enhance the Committee's effectiveness.

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 due for rotation after completion of the audit for 2011 financial year.

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 2011, the Committee met privately with the external auditor on four 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 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 (and those of its subsidiary, Goodman Fielder New Zealand Limited, whose debt securities are listed on the NZDX) 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. Webcasts of the Annual General Meeting and results briefings allow access by all interested parties and electronic lodgement of proxies has also been implemented. The Company's 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 the CEO and Chairman and other information released to the market. Where possible, the Company utilises email to provide shareholders with timely access to information.

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 produces an annual Sustainability Report which is available on its website around October of each year.

6.2 Shareholder Meetings

Shareholders have the opportunity to submit questions prior to the Annual General Meeting or 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 2010 Annual General Meeting held in Auckland, the Chairman and CEO conducted shareholder information meetings in Melbourne in August 2010, following the release of the Company's full year results and in Sydney in February 2011 following the release of the half-year results. The meetings are intended 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 Chairman and CEO of the Company.

6.3 Briefings with Investors and Analysts

Information regarding upcoming results announcements is available on the Company's website, and webcast links are provided in advance of the analyst briefings. The Company also maintains internal records of briefings held, including a record of the time and place of the meeting, those attending, and issues discussed.

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 quality, nutrition, environmental, occupational health and safety, and commodities risk are among the risk priorities of the Group.

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 International Standard for risk management ISO 31000:2009. 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, coordinates 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.

Detailed risk registers are jointly maintained by divisional management and the corporate risk team. The Executive Risk Committee meets at least three times per calendar 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. In addition, the Audit Committee and Human Resources and Remuneration Committee monitor risk management activities that fall within the scope of their responsibilities, such as fraud investigations and employee turnover and engagement.

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.

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 works with the divisions and corporate departments 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 issued its first publicly available Sustainability Report in October 2009, which provided stakeholders with an overview of its sustainability performance for the year ended 30 June 2009 and its action plans for the 2010 financial year. The Company's 2011 Sustainability Report, which will be issued in or around October 2011, will identify progress made against its 2011 action plans and outline its sustainability objectives for the 2012 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.

The Group's commodities function is centralised to enhance operating efficiency and better manage operational risks relating to the procurement, hedging and delivery of commodities. A review by external consultants was commenced in July 2011 to optimise the systems and processes, reporting and governance of the function.

A number of different strategies were also 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 further improve its cash realisation capabilities. During the 2011 financial year, the Group successfully completed debt raisings in the US private placement market of US$300 million and in the New Zealand retail bonds market of NZ$250 million and maintained committed debt facilities of approximately A$1.2 billion. In June 2010, the Company announced a private placement of US$300 million in 10 year unsecured notes, which settled in September 2010. The proceeds were converted to A$352 million and used to repay A$280 million of bank debt due to mature in November 2010 and a portion of the A$420 million bank debt due in July 2011. In November 2010, NZ$250 million in unsubordinated, unsecured fixed rate bonds maturing on 16 May 2016 were issued by a wholly-owned New Zealand subsidiary, Goodman Fielder New Zealand Limited, with the funds also used to repay existing bank debt. The debt raisings enabled the Company to extend its debt maturity profile and reduce its reliance on bank debt funding.

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 6 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.

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 Human Resources and Remuneration Committee

The Human Resources and 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 monitoring 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. The Committee's role also extends to monitoring the culture of the Group and significant governance, regulatory and industry issues which impact the Group's approach to human capital and people management, as well as reviewing the effectiveness of policies and procedures relating to employee retention, productivity and engagement.

8.2 Composition

Under its charter, 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 current membership of the Committee is set out in section 2.6 above. On 31 December 2010, Mr Perrett retired as Chairman of the Committee and Ms Froggatt was appointed Chairman effective 1 January 2011.

8.3 Meetings of the Human Resources and Remuneration Committee

Its charter provides for the Committee to meet three times each year on a formal basis and additionally as circumstances may require. Details of attendance at Committee meetings during the year are set out on page 29.

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 and he did not receive any additional fees for serving as Executive Chairman of the Company between 30 April 2011 and 4 July 2011. 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 Human Resources and 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 by shareholders in 2005 is $1.5 million. The total remuneration paid to non-executive Directors for the 2011 financial year was within the maximum amount approved by shareholders.

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 Human Resources and Remuneration Committee and recommendations made to the Board. The Committee and Board consider remuneration benchmarking data and, where appropriate, advice from external consultants as to the fees paid to non-executive Directors of comparable companies when undertaking the annual review process.

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 2011 which is set out on pages 33 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 which may be allocated to 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 40 to 44 of the Remuneration Report.

ASX Corporate Governance Council's Corporate Governance Principles and Recommendations (excluding 2010 amendments)

		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 *Guide to reporting on Principle 1*	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	2.3, 2.4	(1)
2.3	The roles of Chair and CEO should not be exercised by the same individual	2.3, 2.4	(1)
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 *Guide to reporting on Principle 2*	website, Directors' Report, 2.1 – 2.10	✓
Principle 3:	**Promote ethical and responsible decision-making**(2)		
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 *Guide to reporting on Principle 3*	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 3 members	4.2	✓
4.3	The Audit Committee should have a formal charter	4.1	✓
4.4	Provide the information indicated in the *Guide to reporting on Principle 4*	website, Directors' Report, 4.1 – 4.4	✓

		Reference	Comply
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 *Guide to reporting on Principle 5*	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 – 6.3	✓
6.2	Provide the information indicated in the *Guide to reporting on Principle 6*	website, 6.1 – 6.3	✓
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 Corporations Act 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 *Guide to reporting on Principle 7*	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 *Guide to reporting on Principle 8*	website, Directors' Report, 3.3, 8.1 – 8.5	✓

(1) Non-compliance from 30 April 2011 – 4 July 2011, the period between the departure of Mr Margin, the former Chief Executive Officer, and the appointment of Mr Delaney, the Company's current Chief Executive Officer, during which Mr Ould served as Executive Chairman of the Company on an interim basis.

(2) The Company's 2011 Corporate Governance Statement sets out further information regarding the Company's diversity policy and diversity initiatives being undertaken. The Company will report against the 2010 amendments to the Corporate Governance Principles and Recommendations in its Corporate Governance Statement for the year ended 30 June 2012.

Five Year Financial Summary

		FY07[1]	FY08[2]	FY09	FY10	FY11[3]
Profitability						
Revenue	$m	2,426.7	2,675.4	2,848.6	2,660.1	**2,556.2**
EBITDA	$m	444.1	370.4	373.0	385.3	**356.7**
EBITDA margin	%	18.3%	13.8%	13.1%	14.5%	**14.0%**
EBIT	$m	388.9	151.5	317.5	324.0	**(13.4)**
EBIT margin	%	16.0%	5.7%	11.1%	12.2%	**–0.5%**
NPAT	$m	239.8	27.7	175.7	161.1	**(166.7)**
Share information						
Earnings per share	c	18.1c	2.1c	13.2c	11.7c	**(12.1c)**
Weighted average number of ordinary shares	million	1,325.0	1,325.0	1,332.5	1,371.9	**1,380.4**
Dividends per share	c	13.50c	13.50c	10.50c	10.75c	**7.75c**
Key ratios						
Debt/(Debt+Equity[4])	%	27.1%	29.9%	28.9%	26.7%	**30.8%**
Net debt/EBITDA[5]	times	2.32	2.61	2.79	2.29	**2.66**
Interest cover[5]	times	5.80	5.02	3.95	4.63	**3.71**
Return on capital employed (ROCE)	%	13.6%	5.9%	12.6%	12.7%	**–0.6%**
Return on equity (ROE)[4]	%	12.7%	1.7%	10.9%	9.7%	**–12.8%**
Financing						
Operating cash flows	$m	244.8	210.6	285.1	319.7	**207.6**
Cash realisation ratio	%	82%	84%	120%	141%	**99%**
Net debt	$m	1,011.4	1,043.4	999.4	915.5	**954.9**
Capital expenditure	$m	50.9	68.1	93.6	102.2	**103.6**
Working capital	$m	193.6	209.7	159.7	125.1	**129.3**
Employees						
Number of full time equivalent employees (FTE)						
– Australia		3,537	3,909	3,768	3,551	**3,375**
– New Zealand		3,029	2,955	2,819	2,575	**2,666**
– Asia Pacific		1,324	1,344	1,392	1,547	**1,559**
		7,890	8,208	7,979	7,673	**7,600**

(1) The FY07 result includes restructuring and integration costs of $18.6m and net foreign exchange gains of $31.2m.

(2) The FY08 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.

(3) The FY11 result includes a non-cash impairment charge of $300m and restructuring costs of $2.8m.

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

(5) Calculated in accordance with the Group's debt facility covenants.

The Directors of Goodman Fielder Limited (the Company) present the 2011 Directors' Report (including the Remuneration Report), together with the 2011 Financial Report of the consolidated entity (the Group), for the financial year ended 30 June 2011. An Independent Auditor's Report from the external auditor, KPMG, is also provided.

Principal Activities

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

Review of Operations and Results

Results[1]	FY 2011	FY 2010	Variation
Revenue	**$2,556.2m**	$2,660.1m	–3.9%
EBITDA	**$356.7m**	$385.3m	–7.4%
EBITDA margin	**14.0%**	14.5%	–0.5 pts
Free cash flow	**$340.0m**	$438.1m	–22.4%
Operating cash flow	**$207.6m**	$319.7m	–35.1%
NPAT before impairment	**$133.3m**	$161.1m	–17.3%
NPAT after impairment	**($166.7m)**	$161.1m	
EPS before impairment	**9.7c**	11.7c	
Dividend per share	**7.75c**	10.75c	
Net debt	**$955m[2]**	$916m	

(1) All financials are stated on a reported basis

(2) This excludes in FY 2011 an unrealised foreign exchange gain of $71 million relating to the revaluation of the Company's US dollar private placement debt.

Result

Goodman Fielder returned an underlying NPAT of $133.3 million for the year ended 30 June 2011, down 17.3 % from $161.1 million for the previous corresponding period. A non-cash impairment charge of $300 million was announced on 19 August 2011 and resulted in a reported NPAT loss of $166.7 million.

Key Trends/Influences

Following a solid first half performance, the Company suffered a significant profit decline in the second half. Relatively solid performances from the Asia Pacific and Integro businesses and a flat performance by the Home Ingredients division in very difficult conditions, were outweighed by declines in the Baking and Dairy businesses. Economic conditions in Australia and New Zealand were challenging in the second half and this resulted in weakened consumer confidence which impacted retail buying trends as consumers pursued cheaper alternatives.

The Company's Baking business suffered a significant loss of profitability during the second half of the year. This resulted from several factors including volume reduction, less favourable product mix, high commodity costs, and inadequate cost recovery. The Baking business incurred significant volume reduction following the loss of a private label contract in Australia and the business did not reduce manufacturing and logistics overheads quickly enough to compensate.

The Company's cost base also increased as a result of higher commodity costs while fierce retail competition drove price discounting, making cost recovery more difficult to achieve. Compounding the impact was the resurgence of private label products, particularly in the bread segment, which created a less profitable product mix for the Company.

Other factors influencing the result included the effects of the continuing strength of the Australian dollar which impacted the translation of earnings from the Company's New Zealand and Asia Pacific businesses, and the impact of a series of natural disasters in Australia and New Zealand.

Impairment

As a result of weak trading in the Baking division during the second half of the year, the Company announced on 19 August a non-cash impairment charge of $300 million ($250 million in Australia and $50 million in New Zealand). Second half trading conditions in the Baking division in Australia and New Zealand were subdued due to the unfavourable external and market conditions described above and management underestimated the impact of these changes and therefore the initial response was inadequate.

Recovery Strategy

The Company's new CEO Mr Chris Delaney (appointed 4 July) has moved quickly to reduce overhead costs. A restructure of the Baking division was commenced in early August to simplify business operations, reduce costs and increase efficiency and this has resulted in an initial $11 million overhead reduction in the Baking division's sales, financing, and supply chain functions.

A comprehensive review of the Baking, Dairy and Home Ingredients businesses in New Zealand is also underway to determine the opportunities to capture scale advantages by integrating operations and consolidating the management structure.

Mr Delaney has also commenced a strategic review of the Company's business portfolio, designed to deliver a three-year phased plan to stabilise, restructure, and grow the Company and to deliver a sustained business improvement.

The plan will reset the business model through:

- aligning and energising management and the organisation,
- a simplified business portfolio and leadership structure,
- a structural change in the Company's cost structure,
- breakthrough innovation and/or identifying profitable revenue streams for long term sustainable growth.

A key focus will be the translation of the Company's size into future scalable advantage, through improved systems, core work processes and back office consolidation.

Safety

The Company recorded an improved safety performance for the year, with the Lost Time Injury Frequency Rate reducing from 6.7 per million hours worked in the prior year to 4.7.

During the year the Christchurch region in New Zealand suffered two major earthquakes with major loss of life and property damage. Fortunately there were no injuries to Company employees or contractors or their family members but after the February earthquake many employees suffered significant damage to homes. The Company's bread plant was closed due to damage and the business is currently looking at options to replace the lost capacity.

The Company donated to the community rebuilding fund following the first earthquake in September 2010 and, following the second occurrence, an employee assistance fund to help affected employees was established.

NexGen

The Company's NexGen project, a major enterprise resource planning upgrade, is continuing to progress well although it was adversely impacted by the Christchurch earthquake. Originally expected to be completed early in 2013, the project is now anticipated to end by mid 2013. The project is the key element of the Company's progression to a single IT platform supported by a Shared Services Function.

Balance Sheet/Cash Flow

The Company continues to generate solid cash flows underpinned by effective financial management, capital expenditure disciplines and tight control of working capital.

Working capital at 30 June 2011 was $129 million, a slight increase of $4 million over the prior year. Capital expenditure for the year, of $105 million, was in line with last year.

Net debt at 30 June 2011 was $955 million, an increase of $39 million over the prior year, primarily as a result of lower earnings in the Baking division during the second half of the year. The net debt excludes an unrealised foreign exchange gain of $71 million relating to the revaluation of the Company's US dollar private placement debt which was completed in September 2010 and is fully hedged.

Intangibles decreased $335 million, mainly reflecting the non-cash $300 million impairment charge of the Baking Australia and Baking New Zealand businesses, and foreign exchange movements in respect of New Zealand intangibles.

Goodman Fielder currently has a debt to debt+equity ratio of 30.8% and debt to EBITDA of 2.66 times.

During the year the Company successfully raised debt of NZ$250 million in senior unsecured fixed rate bonds in the New Zealand retail bonds market. This followed the September 2010 raising of US$300 million in unsecured notes in the US private placement market. Both debt raisings were used to replace existing bank debt.

The Company has now extended its average debt maturity profile from 1.6 years to 4.4 years. The Company cancelled $150 million of committed debt that was due to mature in July 2011, and its unused debt funding capacity is now circa $190 million. The only debt facility to mature during the 2012 financial year is $50 million in March 2012. The Company maintains committed debt facilities of A$1.2 billion.

The Company has commenced the process of early refinancing of the 2009 syndicated debt facility of $500 million, due to mature in FY 2013. The proposed refinancing is for a new syndicated debt facility of $500 million, with maturity dates in 2014 and 2016. This refinancing will improve the debt maturity profile and reduce overall funding costs.

New CEO Appointment

On 1 June 2011 the Board announced the appointment of Mr Chris Delaney as Chief Executive Officer of Goodman Fielder Limited. Mr Delaney has extensive international FMCG experience at executive level, working in the US, Australia, Asia, Europe and the Middle East. He has a track record for innovation in a dynamic market and has helped build some of Australia's most iconic brands. Mr Delaney commenced on 4 July 2011.

Outlook

Given current market conditions and that Mr Delaney is currently undertaking a review of the Company's strategy, it is not intended at this time to provide guidance on the Company's FY 2012 performance. However an update will be given at the Company's Annual General Meeting on 24 November 2011.

Segment Results

Baking

	FY 2011	FY 2010	Variation
Sales	**$1,023.3m**	$1,065.9m	–4.0%
EBITDA	**$130.5m**	$164.8m	–20.8%
EBITDA margin	**12.8%**	15.5%	–2.7 pts
Free cash flow	**$128.0m**	$172.9m	–26.0%

The Company's Baking business had a solid first half for the financial year followed by a very difficult second half, with full year EBITDA down 20.8% on the prior year to $130.5 million and sales down 4.0%.

In the first half of the financial year the Baking business continued to perform to expectations with solid EBITDA growth and an improvement in EBITDA margin. However conditions deteriorated in the second half with the impact of higher prices for commodities and energy, increasing the Company's input costs, and the retail market experiencing low to negative food price inflation with deep discounting and a resurgence of private label products.

The increase in commodity costs made price recovery essential to maintaining the business' profitability level, however this became increasingly more difficult to achieve despite the implementation of price increases on branded product. Fierce retailer competition in Australia resulted in substantial private label product price reductions, generating significant growth in lower margin private label after several years of gradual decline in this segment. Despite the increase in private label bread, the Company's bread brands still represent 36.4% of the Australian fresh loaf category at year end (Source: Aztec).

This changed demand resulted in a less favourable product mix for the Company, exacerbated by a reduction in volume following the loss of a private label supply contract and some unfavourable ranging decisions. Unfortunately the business did not reduce manufacturing and logistics overheads quickly enough to compensate for the margin decline.

Nevertheless the Company responded with strong customer engagement and collaboration resulting in simplified on-shelf ranging, enhanced promotional strategies and reduced promotional frequency.

Other initiatives such as business process re-engineering and the Company's Project NexGen will continue to assist the business to better meet the needs of customers and ultimately also assist in growing volume. Since year end, the business has moved to significantly restructure its cost base to reduce overheads and increase efficiency by restructuring its regional sales, finance, manufacturing and supply chain structures. This has effectively reduced overheads in the business by $11.0 million annualised. The business is also in the process of introducing a new go-to-market strategy designed to improve on-shelf availability, optimise trade promotional expenditure, and minimise the cost of service.

During the period the business was also impacted by natural disasters in Queensland, Victoria and New Zealand, the most serious being the February earthquake in Christchurch which forced the closure of the bread plant due to damage.

Over the year, investment in R&D, marketing and overall skill capability has been maintained and will assist the business to increase sales. A number of new product variants have been launched which have contributed to maintaining Helga's as the category leading brand and Wonder White as Australia's best selling bread. Wonder White Hi Fibre Plus was also named Fresh Bakery Product of the Year for 2011 in Australia's largest independent consumer survey of new products. At year end Helga's and Wonder White represented 22% of the Australian fresh loaf market (Source: Aztec). In New Zealand a new gluten free plant was developed at the Company's Huntly site and since year end a range of gluten free bread, cakes and cookies has been launched onto the New Zealand market.

During the period the Company announced that it was establishing an artisan bread manufacturing facility in Western Sydney. This specialty segment is one of the fastest growing in the fresh baking market and the Company is leveraging off the experience gained from its pilot plant in Melbourne which has been operating for a number of years as a test bed for market entry. This facility is being established at the Company's Erskine Park site but the capital expenditure has been reduced from the $65 million originally envisaged to less than $20 million.

Home Ingredients

	FY 2011	FY 2010	Variation
Sales	**$477.6m**	$496.8m	–3.9%
EBITDA	**$96.0m**	$96.4m	–0.4%
EBITDA margin	**20.1%**	19.4%	0.7 pts
Free cash flow	**$106.0m**	$87.4m	21.3%

The Company's Home Ingredients division had a challenging year and returned a flat EBITDA result of $96.0 million. Sales revenue fell by 3.9% to $477.6 million.

The main influences on this result were higher commodity costs in the second half, increasing challenges from private label offerings, and retail food price deflation. In order to protect brand positions through this period, a more aggressive stance was taken on promotional strategy despite significant input cost pressures. Raw material cost increases were mitigated through cost efficiency gains and price increases.

The business further protected market share through increased marketing support investment in the spreads, cake mix and pastry categories. As a result MeadowLea, White Wings and Pampas improved or maintained market position. A premium cake mix range under the Donna Hay name was launched successfully towards the end of the period, following the earlier successful launch of the White Wings biscuits range.

The Company's Erskine Park liquid grocery plant in western Sydney is performing to expectations while increasing volumes at the biscuit plant at Carole Park in Brisbane is driving an improved level of utilisation in the plant. A review of manufacturing assets across the four Home Ingredients sites has been initiated to ensure that assets are providing the optimum mix of quality, efficiency and safety.

Dairy

	FY 2011	FY 2010	Variation
Sales	**$422.5m**	$441.1m	–4.2%
EBITDA	**$51.1m**	$60.3m	–15.3%
EBITDA margin	**12.1%**	13.7%	–1.6 pts
Free cash flow	**$45.4m**	$79.6m	–43.0%

The Dairy division experienced a 4.2% reduction in sales on the prior year to $422.5 million and a 15.3% reduction in EBITDA to $51.1 million. Unfavourable currency exchange rates negatively impacted EBITDA by $2.5 million. On a constant currency basis, the reduction in EBITDA from the prior year was 11%.

In the first half of the year the business was able to weather the significant increase in input costs, mainly raw milk pricing which increased by around 50% over the full year to an all-time high.

Prompt cost recovery on branded products in the marketplace reduced the impact on the business' results in the first half. In the second half increasing input costs became more difficult to recover as continuing difficult economic conditions reduced consumer confidence and strengthened consumer resistance to price rises. This was made more challenging after our major competitor froze the pricing on its consumer products.

The Company's long term private label milk supply contracts include cost rise and fall clauses, and this provision meant that the impact of input cost increases in this segment was mitigated to some extent.

The devastating earthquakes in Christchurch also impacted the Dairy business, creating significant increases in the cost of doing business as a result of reduced milk sales and increased distribution costs. Fortunately both the fresh and UHT milk plants sustained only minor damage.

New product development continued with the launch of new calcium enriched milk products under the Calci Strong banner and, since year end, the launch of a "For Everyone" flavoured milk range under the sponsorship of three All Black NZ national rugby players. The Kiwi bacon range was repositioned to a 100% New Zealand sourced product, while the Heritage bacon range is now promoted as a free-farmed product. Other new products included an extension of Meadow Fresh Smooth Yogurt into six-packs and one kilogram packs, the launch of additional Puhoi Valley yogurt flavours and the introduction of two children's licensed products into UHT milk.

Asia Pacific

	FY 2011	FY 2010	Variation
Sales	**$299.2m**	$305.6m	–2.1%
EBITDA	**$58.5m**	$57.8m	1.2%
EBITDA margin	**19.6%**	18.9%	0.7 pts
Free cash flow	**$58.3m**	$57.7m	1.0%

The Company's Asia Pacific business reported EBITDA of $58.5 million and revenue of $299.2 million, both in line with the previous year. The business experienced strong local currency growth, but EBITDA was adversely impacted by unfavourable currency exchange rates, which reduced EBITDA by $8.5m. On a constant currency basis, Asia Pacific's EBITDA growth was 16% on FY 2010.

Operations in Papua New Guinea continued to perform strongly with a new management team in place and double digit EBITDA growth was achieved. A particular stand-out was the growth of the Flame brand driven by a combination of share gains and category growth.

In Fiji strong consumer demand for poultry underpinned continued growth in the Crest brand. The Company commenced a production capacity expansion plan in the year which is expected to continue over the next few years. The project is focused on addressing volume opportunities in both the domestic and export markets.

In Asia, the business has continued to increase dairy sales across the region, particularly Meadow Fresh UHT milk, as the business looks to service demand and grow sales. A new product development pipeline was initiated to support the development of the Meadow Fresh brand, with branded yogurt, cream cheese and shredded cheese supporting the UHT milk offering. The Puhoi brand has also been launched into the region as a super premium yogurt brand. In China, branded bakery ingredients volumes remained steady compared to the prior year, but margins were impacted by significant increases in commodity costs.

Integro Foods

	FY 2011	FY 2010	Variation
Sales	**$333.6m**	$350.7m	–4.9%
EBITDA	**$40.3m**	$27.9m	44.4%
EBITDA margin	**12.1%**	8.0%	4.1 pts
Free cash flow	**$17.3m**	$36.9m	–53.1%

The Integro Foods business reported a strong increase in EBITDA, up by 44.4% to $40.3 million. This performance resulted from an improved business mix that included an increased level of value added dairy sales and less reliance on commoditised oils. Commodity costs remained volatile throughout the year which continued to challenge the business.

The proposed sale of the Integro business, which was commenced in February 2009, was eventually abandoned in November 2010 following the Australian Competition and Consumer Commission's (ACCC's) decision to oppose the sale. Consequently the business spent some 22 months effectively "on hold". Following the decision not to proceed with the sale, the business has consolidated its market position, restructured the sales function, consolidated and strengthened the new product development process, and focused on higher value added offerings. Factory trials are underway on two new business propositions in new market segments.

Directors

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

Name, Qualifications and Position	Age	Experience and Special Responsibilities
Max Ould BEc Chairman and independent non-executive Director (Executive Chairman between 30 April 2011 and 4 July 2011)	64	Director since 14 November 2005 and Chairman since 31 August 2006. Executive Chairman between 30 April 2011 and 4 July 2011. Member of the Remuneration Committee until 24 March 2010 and Chairman of the Nomination Committee. Mr Ould is also the Chairman of Treasury Wine Estates Limited (appointed May 2011) and a Director of AGL Energy Limited (appointed February 2006). He has extensive experience in the Australian food industry, including previous roles as Managing Director of the East Asiatic Company, Chief Executive Officer of Pacific Dunlop's Peters Foods division and Managing Director of National Foods Limited[1] from 1996 to 2003. *Former directorships of other listed companies during the past three years:* *Pacific Brands Limited, February 2004 to October 2009* *Foster's Group Limited, February 2004 to May 2011*
Clive Hooke FCPA, FAICD Independent non-executive Director	65	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 Director of Strategy and Finance of Elders Agribusiness Group (part of Foster's Brewing Group Limited) between 1982 and 1991. Mr Hooke is currently a Director of Tassal Group Limited (appointed 4 November 2010). He is a former Chairman of Astra Capital Limited[2] and Big Brothers - Big Sisters Australia Limited. *Former directorships of other listed companies during the past three years:* *Astra Capital Limited, November 2007 to March 2011*
Ian Johnston BCom, CPA Independent non-executive Director	64	Director since 26 May 2008. Member of the Audit Committee (appointed 26 May 2008) and of the Human Resources and Remuneration Committee (formerly the Remuneration Committee) (appointed 26 May 2008). Mr Johnston has over 30 years' experience with a number of leading companies in the international food and beverage industry. He initially spent 13 years with Unilever in a range of domestic and overseas marketing roles and then joined Cadbury Schweppes as Marketing and Sales Director, Australia/New Zealand. Mr Johnston was subsequently appointed Managing Director of Cadbury's UK business before becoming Managing Director, Global Confectionery of Cadbury Schweppes plc from 1996 until 2000. He then served from 2001-2004 as President and Chief Operating Officer of The Olayan Group, a privately-owned Saudi Arabian conglomerate. He most recently held the position of Chief Executive Officer of Foster's Group Limited between September 2008 and May 2011. *Former directorships of other listed companies during the past three years:* *Foster's Group Limited, September 2007 to May 2011*

Name, Qualifications and Position	Age	Experience and Special Responsibilities
Chris Froggatt BA Hons, FCIPD Independent non-executive Director	52	Director since 27 August 2009. Member of the Corporate Risk Committee (appointed 27 August 2009) and the Nomination Committee (appointed 24 March 2010) and Chairman of the Human Resources and Remuneration Committee (formerly the Remuneration Committee) (appointed a Member on 27 August 2009 and Chairman on 1 January 2011). Ms Froggatt has over 20 years' senior executive experience as a human resources specialist in leading international companies including Brambles Industries plc and Brambles Industries Limited, Whitbread Group plc, Diageo plc, Mars Inc and Unilever NV. More recently she has served on the Boards of Britvic plc and Sports Direct International plc and as an independent trustee director of Berkeley Square Pension Trustee Company Limited. She is currently a non-executive director on the Boards of Myer Holdings Limited and the Australian Chamber Orchestra. Ms Froggatt has a broad industry background, particularly in consumer branded products, covering industries such as beverages, food and confectionery through her appointments at Britvic, Whitbread, Diageo and Mars. She also has a breadth of experience in other industries such as retailing, hotels, leisure and logistics. *Former directorships of other listed companies during the past three years: None*
Steve Gregg BCom Independent non-executive Director	50	Director since 26 February 2010. Chairman of the Corporate Risk Committee (appointed 26 February 2010) and Member of the Audit Committee (appointed 26 February 2010). Mr Gregg is a highly experienced investment and commercial banker with extensive Australian and international executive experience with ABN Amro (as Senior Executive Vice President and Global Head of Investment Banking), Chase Manhattan, Lehman Brothers and AMP Morgan Grenfell. His most recent executive role was as Expert Partner at McKinsey & Company in Australia and the US. His current non-executive roles include Consultant to Grant Samuel and a Director of William Inglis & Son Ltd and the Sunshine Home. He is also Chairman of Austock Group Limited. *Former directorships of other listed companies during the past three years: None*
Peter Hearl BCom, MAIM, MAICD, Member - AMA Independent non-executive Director	60	Director since 26 February 2010. Member of the Human Resources and Remuneration Committee (formerly the Remuneration Committee) (appointed 26 February 2010), the Audit Committee (appointed 26 February 2010) and the Nomination Committee (appointed 25 March 2011). Mr Hearl is a very experienced senior executive with international experience and expertise in the FMCG sector. His previous roles included executive appointments with Yum Brands, the world's largest (by number of outlets) restaurant company (where he was Chief Operating and Development Officer), Pepsico and Exxon (Esso). He has also been a non-executive Director of Amrest Inc, Westport Resources Inc and KFC Japan Inc. He has a wealth of knowledge and experience in the Asia Pacific region and has also worked extensively in Europe, the USA and Australia. He is currently Chairman of the University of New South Wales' US-based Study Abroad program and a Director of a number of private companies. *Former directorships of other listed companies during the past three years: None*

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

In addition to the above Directors, Mr Hugh Perrett, an independent non-executive Director, held office during the financial year until his resignation on 25 March 2011 and Mr Peter Margin served as Managing Director and Chief Executive Officer until he ceased employment with the Group on 29 April 2011.

Name, Qualifications and Position	Experience and Special Responsibilities
Peter Margin BSc (Hons), MBA Managing Director and Chief Executive Officer	Managing Director and Chief Executive Officer from 14 November 2005 to 29 April 2011. 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*
Hugh Perrett Independent non-executive Director	Director from 14 November 2005 to 25 March 2011. Chairman of the Human Resources and Remuneration Committee (formerly the Remuneration Committee) from 14 November 2005 to 31 December 2010, Member of the Nomination Committee from 14 November 2005 to 25 March 2011 and Member of the Corporate Risk Committee from 21 June 2007 to 25 March 2011. Mr Perrett is also a Director of a number of other companies and entities, including AUT Enterprises 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*

Following Mr Margin's departure, after an extensive executive search process, on 4 July 2011 Mr Chris Delaney commenced employment as the Company's new Managing Director and Chief Executive Officer.

Name, Qualifications and Position	Age	Experience and Special Responsibilities
Chris Delaney BA Managing Director and Chief Executive Officer	49	Managing Director and Chief Executive Officer, effective 4 July 2011. Mr Delaney has extensive FMCG experience at an executive level, working in the US, Australia, Asia, Europe and the Middle East. He initially served at Procter and Gamble for 20 years in a variety of management roles before joining the Campbell Soup Company in 2004 as Vice President of Sales. He was subsequently appointed President of Emerging Markets and then President (Asia Pacific) in 2009. In his most recent role, he was responsible for leading and growing Campbell's fastest growing region, with revenue of more than $1 billion and operations in Australia, New Zealand and Asia. *Former directorships of other listed companies during the past three years: None*

(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.

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 19 years of private practice and in-house experience. Mr West also serves as Group Commercial Director, with responsibility for procurement and commodities, a position he has held since 1 July 2008.

Directors' Meetings

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

	Board of Directors		Audit Committee[b]		Corporate Risk Committee[c]		Human Resources and Remuneration Committee[d]		Nomination Committee[e]	
Name	**Held[a]**	**Attended**	**Held[a]**	**Attended**	**Held[a]**	**Attended**	**Held[a]**	**Attended**	**Held[a]**	**Attended**
M G Ould	16	15	–	–	–	–	–	–	1	1
P M Margin	14	13	–	–	–	–	–	–	–	–
C J Froggatt	16	16	–	–	3	3	6	6	1	1
S Gregg	16	16	4	4	3	3	–	–	–	–
P R Hearl	16	15	4	4	–	–	6	6	–	–
C A Hooke	16	14	4	4	3	3	–	–	–	–
I D Johnston	16	16	4	4	–	–	6	5	–	–
H E Perrett	13	13	–	–	3	3	4	4	1	1

(a) Reflects the number of meetings held while the Director was a member of the Board or Committee. Mr Perrett resigned as a Director of the Company and a Member of the Board Committees on 25 March 2011.

(b) Mr Ould attended three meetings, Ms Froggatt two meetings and Mr Perrett one meeting at the invitation of the Audit Committee. Mr Margin attended three meetings at the request of the Committee prior to ceasing employment with the Group on 29 April 2011.

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

(d) The name of the Committee was changed on 4 August 2010 to the Human Resources and Remuneration Committee. Messrs Ould, Gregg and Hooke attended five, six and four meetings, respectively, at the invitation of the Committee. Mr Margin attended all meetings at the request of the Committee to the date he ceased employment with the Group but was not present when matters relating to his employment and remuneration were discussed by the Committee.

(e) Messrs Hooke, Johnston, Gregg and Hearl each attended one meeting at the invitation of the Committee. Mr Hearl was subsequently appointed a member of the Committee on 25 March 2011. The full Board met informally on a number of occasions in connection with the selection and appointment of a new Managing Director and the annual performance evaluation of the Board, Committees and individual Directors.

State of Affairs

On 25 March 2011, Mr Hugh Perrett resigned from the Board of the Company after serving more than five years as a Director and as Chairman of the Human Resources and Remuneration Committee (formerly the Remuneration Committee). Mr Peter Margin, the Company's Managing Director and Chief Executive Officer, ceased employment with the Group on 29 April 2011 and Mr Max Ould then served as Executive Chairman until 4 July 2011, when Mr Chris Delaney was appointed Managing Director and Chief Executive Officer.

Mr David Goldsmith, the Chief Financial Officer left the Group on 23 February 2011 and was replaced on an interim basis by Mr Neil Kearney, who commenced on 31 January 2011 and was appointed to the role on a six-month fixed-term contract that has been extended to 31 January 2012.

During the year the Company's operations were impacted by a series of earthquakes in Christchurch, New Zealand and floods in Queensland and Victoria. While the Company was able to divert production to its other facilities and minimise site closures where possible, the ongoing effects of the natural disasters resulted in the loss of some business and higher than expected operating costs. The Company's Christchurch bakery has been closed since the 22 February 2011 earthquake and the Company is currently evaluating a number of alternatives in relation to a Christchurch bakery facility.

As a result of the weak trading of its Baking division in Australia and New Zealand, the Company's results for the year ended 30 June 2011 reflect a non-cash impairment charge of $250 million to the goodwill of the Group's Baking Australia division and a non-cash impairment charge of $50 million to the goodwill of the Group's Baking New Zealand division.

In the first half of the 2011 financial year, the Company completed its refinancing of a A$700 million syndicated bank facility maturing in November 2010, replacing the debt with a A$420m forward-starting 3-year syndicated bank debt facility that was completed and signed in October 2009, but commenced in September 2010, and US$300 million of 10 year notes issued in the US private placement market that were completed and signed in July 2010 with a deferred settlement of September 2010. The notes were converted to A$352 million at a fixed interest rate of 7.9%.

In November 2010, the Company successfully raised NZ$250 million in the New Zealand retail bonds market to replace existing bank debt. Bonds with an interest rate of 7.54% per annum payable quarterly were issued by the Company's wholly-owned New Zealand subsidiary, Goodman Fielder New Zealand, on 22 November 2010. The bonds, which mature on 16 May 2016, were not offered in any jurisdiction other than New Zealand.

As well, in February 2011, the Group cancelled a A$150m syndicated bank debt facility maturing in July 2011.

In November 2010, the Company received confirmation from the ACCC that, notwithstanding further submissions received in relation to the proposed acquisition of the Group's edible fats and oils business by Cargill, the ACCC intended to continue to oppose the transaction. The sale, which had originally been agreed on 10 December 2009, was subject to a number of regulatory conditions, including ACCC approval, and the ACCC advised in March 2010 that it would oppose the sale to Cargill. Following confirmation by the ACCC, both parties agreed to formally terminate the sale agreement entered into in December 2009. In anticipation of this outcome, the Company had continued to develop and substantially restructure the business to maximise profitability.

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

Events Subsequent to Balance Date

On 4 July 2011, Mr Chris Delaney was appointed Managing Director and Chief Executive Officer of the Company. Further details of Mr Delaney's experience and qualifications are set out on page 28 of this report. Details of the key terms of Mr Delaney's employment contract are set out on pages 48 and 49 of the Remuneration Report.

On 5 August 2011 the Company announced that Mr Clive Stiff, the Managing Director of the Company's Fresh Baking division, would be leaving the Company effective 30 September 2011. As at the date of this report, a search was underway to identify a replacement for Mr Stiff. Mr Delaney will manage the Fresh Baking division until a replacement for Mr Stiff is appointed.

The Company is undertaking a strategic review with the objective of assessing each business' potential to increase shareholder returns in the coming years. Part of the review is to assess the potential benefits of changes to the Company's business model for its retail businesses. This work includes an assessment of the benefit of consolidating the current business unit structure in Australia and New Zealand to create a more streamlined structure which improves the efficiency of its resource base and provides a more effective go to market capability. Areas of opportunity being explored by management include commercial structures as well as manufacturing network and logistic supply chains. The Company has engaged a global management consulting firm as advisers in this review.

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 Review of Operations and Results on pages 21 to 25 in this report. Further information about likely developments in the Group's operations in future financial years, the expected results of those operations and the Group's business strategy and prospects for future financial years has not been included in this report because disclosure of such information would be likely to result in unreasonable prejudice to the Group.

Dividends

The Company paid a dividend of $75.9 million (5.5 cents per ordinary share) on 28 October 2010. The dividend was 20% franked in Australia, with nil imputation for New Zealand taxation purposes.

A 2010/2011 interim dividend of $72.5 million (5.25 cents per ordinary share) was paid on 7 April 2011. The dividend was 30% franked in Australia, with nil imputation for New Zealand taxation purposes. The Company's Dividend Reinvestment Plan (DRP) was activated for both the 2010 final dividend and the April 2011 interim dividend. The DRP was not underwritten or offered at a discount for either dividend and shares were purchased on-market to satisfy entitlements under the DRP.

On 29 August 2011, the Directors of the Company resolved to pay a final dividend of 2.5 cents per ordinary share, payable on 3 November 2011 to holders of record on 28 September 2011. The dividend will be 45% 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 November 2011 final dividend and that shares will be allotted to participants 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 (3 October 2011) after the dividend record date. The DRP will be fully underwritten.

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	300,100
C R Delaney	100[1]
C J Froggatt	17,332
S Gregg	100
P R Hearl	45,456
C A Hooke	151,000
I D Johnston	136,266

(1) Mr Delaney has entitlements to 2,875,000 ordinary shares (on achievement of "stretch" targets) under sign-on/long-term incentive arrangements set out in his employment contract. Mr Delaney's short-term incentive is structured such that, at the Board's discretion, a quarter of the total award will be deferred for a year and received as shares in the Company. The number of shares to be allocated under his short-term incentive will be determined in or around August 2012 based upon 25% of his total incentive payable and the closing share price of the Company's shares on the ASX on or around 29 June 2012. The shares will be purchased on-market and allocated in or around August 2013, subject to Mr Delaney being employed by the Group at the time of allocation. Mr Delaney's equity-based incentives are subject to shareholder approval at the 2011 Annual General Meeting.

Messrs Margin and Perrett had interests in 378,518 and 2,500 ordinary shares, respectively, at the time of their resignations as Directors of the Company. Mr Margin's entitlements to ordinary shares under long-term incentive arrangements were forfeited on the date he ceased employment with the Group.

Transactions between companies within the Group and Director-related entities are set out in note 35 to the financial statements on page 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 2011.

Remuneration of Directors and Senior Executives

A Remuneration Report is set out in this Directors' Report on pages 33 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 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.

As a signatory to the Australian Packaging Covenant (APC), the Group undertakes a number of initiatives to reduce packaging waste and minimise the environmental impacts associated with its packaging material. Copies of its APC Action Plan and Annual Reports are available on its website.

The Group's Australian operations are subject to the *Energy Efficiency Opportunities Act 2006* (Cth) (EEO), which requires the Group to identify energy efficiency opportunities and report annually on progress made in implementing those opportunities. In accordance with its obligations under the EEO, the Group submitted an assessment and reporting schedule in 2007 and it issues a public report in December each year that outlines the energy use assessed, the energy saving opportunities identified and the status of those opportunities. Copies of the Group's public reports are available on its website.

The Group reports the greenhouse gas emissions and energy consumption of its Australian operations on an annual basis in compliance with the *National Greenhouse and Energy Reporting Act 2007* (Cth).

Environmental Performance

The Group continues to improve its risk management program and environmental risks and impacts are continually assessed to ensure that the appropriate environmental controls have been implemented and are effective. The Group issued its first publicly available Sustainability Report in October 2009. It will issue its Sustainability Report for the year ended 30 June 2011, which will identify progress made against its 2011 action plans and outline its sustainability objectives for the 2012 financial year, in October 2011. The Group's Sustainability Reports are available on the Group's website (www.goodmanfielder.com.au) once issued.

During the year, the Group paid a fine of NZ$750 in relation to an unauthorised discharge of wastewater to the stormwater system and surface water drains at the Group's Longburn dairy site. Corrective actions were taken at the site to prevent a re-occurrence of this issue.

Indemnification and Insurance of Officers

Company's Constitution and Deeds of Indemnity and Insurance

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

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

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

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

Insurance

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

The Deeds and Deed Poll referred to above provide for the Company to maintain directors' and officers' liability insurance, if available from a reputable insurance company at reasonable commercial rates, for a period of 7 years after a person ceases to be a Director or Secretary or a director or secretary of a subsidiary.

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

This report, which forms part of the Directors' Report, outlines the Board's policy for determining the nature and amount of remuneration of the key management personnel of the Group and the relationship between this policy and the Group's performance. The 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 Group. Details of these key management personnel are set out in the tables on pages 50 to 53.

The adoption of the Remuneration Report will be subject to a non-binding vote of shareholders at the Company's 2011 Annual General Meeting.

2011 Remuneration Overview

Key developments/changes for the year ended 30 June 2011:

	Significant Organisational Changes	Key Developments/Remuneration Outcomes
Governance	Retirement of Mr Hugh Perrett as Chairman of Human Resources and Remuneration Committee on 31 December 2010 Appointment of Ms Chris Froggatt as Chairman of the Committee on 1 January 2011	• Mercer appointed specialist remuneration adviser to Committee/Board in May 2011 • Comprehensive review of incentive arrangements and remuneration of key management personnel undertaken in June/July 2011 for 2012 financial year
Non-executive Director Remuneration	Retirement of Mr Perrett as a Director on 25 March 2011	• Fee increases of approximately 3% in July 2010 • No increase required to $1.5 million aggregate remuneration approved in 2005
Managing Director and Chief Executive Officer (CEO) Remuneration	Departure of Mr Peter Margin on 29 April 2011	Peter Margin: • Increase in fixed remuneration of approximately 6.6% in July 2010, aligned to market average for comparable roles • All incentives forfeited on cessation of employment • Termination payment of ten months fixed remuneration in lieu of notice, in accordance with contractual arrangements
	Appointment of Mr Max Ould as Executive Chairman between 30 April and 4 July 2011	Max Ould: • No additional fees paid during period Mr Ould served as Executive Chairman
	Announcement on 1 June 2011 of appointment of Mr Chris Delaney as new CEO, effective 4 July 2011	(Unless otherwise specified, all references to CEO remuneration in this report relate to Mr Margin's remuneration)
Senior Executive Remuneration	Departure of two senior executives in February 2011 Appointment of interim Chief Financial Officer (CFO) on fixed term contract Internal appointments to fill vacant divisional executive positions	Fixed remuneration: • Increase in fixed remuneration of approximately 3% in July 2010, aligned to market increases Incentive payments: • All incentives forfeited by executives departing the business • No payments of 2011 short-term incentives to executives except in respect of achievement of safety targets (STI of approximately 8% of opportunity for Dairy and Corporate executives) and achievement of Integro Foods EBIT threshold (STI of approximately 4 % of opportunity for Managing Director, Integro Foods) • No allocation of shares under F2009 Performance Share Plan as performance measures not satisfied

Looking Forward – FY 2012 Remuneration Framework

Following the review of remuneration undertaken by Mercer in June 2011 and the appointment of a new CEO in July, the Board has approved a number of changes to remuneration for the 2012 financial year:

	Key Developments	FY 2012 Remuneration Outcomes
Governance/ Strategy	Strategic review of Group commenced in July 2011, including assessment of current business and identification of the building blocks for future growth and development	• Management working towards articulation of a clear strategic plan formulated to enhance shareholder value
	Completion of Mercer review of incentive arrangements and remuneration of key management personnel	• Results of review reflected in remuneration structure for 2012 financial year
Non-executive Director Remuneration	Results of Mercer review of non-executive Director remuneration – fees broadly in line with comparable companies except for Chairs of Audit and Human Resources and Remuneration Committees	• No increases in base Board fees for FY 2012 • Increase of $2,000 per annum for Chair of Audit Committee and $4,000 per annum for Chair of Human Resources and Remuneration Committee to reflect significant increase in workload and align with market averages for comparable roles
Managing Director and Chief Executive Officer (CEO) Remuneration	Appointment of Mr Chris Delaney on 4 July 2011	• Key terms of employment contract set out on pages 48 and 49 • Equity-based incentives subject to shareholder approval at 2011 AGM
Senior Executive Remuneration	Results of Mercer review of remuneration design and short-term and long-term incentive arrangements: • Remuneration structure (mix of fixed and variable remuneration) broadly in line with comparable companies but total remuneration below market due to limited incentive payments made	Fixed Remuneration: • Fixed remuneration of executives being reviewed in light of market data, job complexity and strategic plan initiatives under consideration

	• STI performance measures aligned to market practice but some adjustments suggested	Short-term Incentives:
		• Simplification of structure and increased focus on Group NPAT to more closely link executive rewards to Group performance as a whole
		• FY 2012 performance measures:
		  • Group NPAT and safety for corporate executives
		  • Group NPAT, divisional EBIT and safety for divisional managing directors

	• LTI performance measures moderately aligned to market practice, with TSR a more prevalent measure among comparable companies	Long-term Incentives: • ROCE and Relative TSR measures selected, to better align executive rewards with shareholder value creation

Remuneration Philosophy

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

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

- provide competitive rewards to attract, motivate and retain high calibre employees 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.

Human Resources and Remuneration Committee

The Human Resources and Remuneration Committee (formerly 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 CEO and all executives who report directly to the CEO. Compensation arrangements for all other executives are determined by the CEO or relevant managers having regard to guidelines determined by the CEO in consultation with the Human Resources and Remuneration Committee.

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

- the Group's executive remuneration policy;
- the remuneration of executive and non-executive Directors;
- the Group's recruitment, appointment, retention and termination policies and procedures and succession planning processes for senior executives;
- equity based remuneration plans and other incentive schemes; and
- general remuneration and human resources policy.

The Human Resources and Remuneration Committee comprises:

- Ms Chris Froggatt (Chair)
- Mr Ian Johnston
- Mr Peter Hearl

Mr Hugh Perrett resigned as Chairman of the Committee effective 31 December 2010 and as a Member of the Committee effective 25 March 2011. Ms Froggatt became the Chairman of the Committee on 1 January 2011.

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

The Committee is supported by Goodman Fielder's Group Human Resources Director, the Assistant Company Secretary and, as necessary, external advisers.

Remuneration data to assist the Committee in making recommendations to the Board in relation to the 2011 remuneration of key management personnel was obtained from the following organisations:

Organisation	Information Provided
Godfrey Remuneration Group Pty Ltd	Remuneration benchmarking data for non-executive Directors and the CEO
Hay Group, CRA Plan Managers Pty Ltd	Remuneration benchmarking data for the CEO and senior executives
Egan and Associates	Remuneration benchmarking data for the CEO
Mercer (Australia) Pty Ltd	Data regarding market movements and forecast remuneration increases

Remuneration for key management personnel was benchmarked against data from comparable Australian listed public companies on the basis of industry sector, market capitalisation, revenue and employee numbers.

Remuneration Structure

The Group 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

At the 2005 Annual General Meeting, shareholders approved a maximum aggregate remuneration of $1.5 million per annum for the Company's non-executive Directors. A fee pool not exceeding this maximum amount is divided between the Directors as agreed by the Board. In the 2011 financial year, Board and Committee fees paid to non-executive Directors represented approximately 89% of the maximum amount approved by shareholders.

Director remuneration is reviewed annually in conjunction with the Board's review of executive remuneration. 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 advisers.

A review of non-executive Director remuneration was conducted at the commencement of the 2011 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 responsibilities and work requirements of the Chair and members of the Board and Board committees. Consistent with prior years, total remuneration for non-executive Directors remained targeted between the market median and 75th percentile, with fees for the Chairman of the Board representing a multiple of approximately 2.75 times the base Board fee. Following the review, Board and Committee fees were increased by approximately 3%, with effect from 1 July 2010.

Fees paid to non-executive Directors were as follows for the 2011 financial year:

	Chairman $		Member $	
	2010/11 Fees[1]	**2009/10 Fees[1]**	**2010/11 Fees[1]**	**2009/10 Fees[1]**
Board[2]	376,700[3]	365,750[3]	137,000	133,000
Audit Committee	28,800	28,000	14,400	14,000
Corporate Risk Committee	21,600	21,000	12,900	12,500
Human Resources and Remuneration Committee	16,500	16,000	11,300	11,000

(1) Fees are inclusive of superannuation.

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

(3) The Chairman of the Board is not entitled to any additional fees for serving on Board Committees. Mr Ould did not receive any additional remuneration in respect of his role as Executive Chairman between 30 April 2011 and 4 July 2011, following the departure of Mr Margin.

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 2011 is detailed in Table 1 on pages 50 and 51.

Executive Director and Executive Remuneration

Objective

The Group aims to reward executive Directors and executives with a level and mix of remuneration having regard to their position and responsibilities within the Group. The following key principles guide Goodman Fielder's executive remuneration policy:

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

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 and, at the Board's discretion, Company shares 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. The incentive is structured such that, at the Board's discretion, one quarter of the total STI award of each executive may be deferred for a year and received as shares in the Company in order to further increase alignment with longer-term shareholder interests.
	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 value 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:

	Fixed Remuneration	Performance-based Remuneration		
Role	**TFP**	**STI** *(max)*[1]	**LTI** *(max)*[1]	**Total Performance-based Remuneration**
CEO[2]	35%	35%	30%	65%
CFO[3]	50%	37%	13%	50%
Divisional MDs	50%	37%	13%	50%
Other Corporate Executives	53%	34%	13%	47%

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

(2) Mr Margin ceased employment with the Group on 29 April 2011. The above table represents Mr Margin's total remuneration opportunity if he had remained employed by the Group for the full 2011 financial year and to the date of payment of any incentive entitlements. Remuneration arrangements for the Group's new CEO, Mr Delaney, are not reflected above as he did not commence employment until 4 July 2011. Mr Delaney's remuneration package has been structured such that he has more "at risk" remuneration, with his total performance-based remuneration opportunity (including stretch incentives) for the 2012 financial year constituting 72% of his total remuneration opportunity.

(3) Mr Goldsmith ceased employment with the Group on 23 February 2011. The above table represents the total remuneration opportunity of Mr Goldsmith if he had remained employed by the Group for the full 2011 financial year and to the date of payment of any incentive entitlements. Mr Kearney commenced employment as CFO on an interim basis on 31 January 2011 on a six-month fixed-term contract which included a short term incentive of up to 60% of his TFP (72% including a stretch opportunity), pro-rated from the date of his appointment. Accordingly, his total performance-based remuneration opportunity constituted 42% of his total remuneration opportunity.

The above proportions are based upon each executive's total remuneration opportunity as approved by the Board for the year ended 30 June 2011 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). Remuneration is benchmarked against a group of companies with market capitalisations, revenues and employee numbers that are broadly comparable with Goodman Fielder Limited. Payments to senior executives under the STI and LTI plans may be adjusted at the discretion of the Board, provided there is no reduction in the accrued benefits or accrued entitlements of the plan participants.

Total Fixed Package (TFP)

Objective

Each executive's fixed remuneration is set so as to provide a base level of compensation which is both appropriate to the position and is competitive in the market. Fixed remuneration is determined by assessing an individual's competency level and experience against the position requirements relative to the business unit/functional alignment and external market conditions. The Group 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 Human Resources and Remuneration Committee. The Board may also approve adjustments to senior executive remuneration as recommended by the CEO, such as on promotion or as a result of additional duties performed by the executive.

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 Human Resources and 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 additional costs for the Group.

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 five most highly remunerated senior executives of the Company and/or the Group, is detailed in Tables 1 and 2 on pages 50 to 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 73.5% of their TFP by way of cash and, at the Board's discretion, deferred share incentive payments under the Group's STI plan.

The objective of this incentive plan is to link the achievement of the 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 and strategic objectives. Examples of business objectives for the 2011 financial year include the establishment and consolidation of a shared services function, the implementation of a common SAP platform across the divisions and the implementation of specific initiatives to foster innovation in the business. 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.

Achievement of financial performance targets is confirmed once the Group's annual accounts have been approved by the Directors and audited. 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. Incentives will not be paid if executives do not achieve at least a 'satisfactory' performance rating in their year-end performance review. The Human Resources and Remuneration Committee recommends for approval by the Board the total STI award to be paid to individual senior executives. Cash incentive entitlements approved by the Board are paid in the month following the release of the Group's results to the ASX/NZX. In August 2010 the Board approved that, at its discretion, up to 25% of the total 2011 award amount could be paid by way of shares in the Company, with the balance paid in cash. If that discretion was exercised, the number of shares to which an executive would be entitled was to be determined based upon the Company's closing share price on the ASX on 30 June 2011. Executives would become entitled to any deferred share component of their 2011 STI in September 2012, provided they remain employed by the Group at the time of allocation of the shares.

The STI performance measures, 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 Group and stakeholder objectives and interests.

The criteria used to determine an executive's entitlements under the STI plan for the year ended 30 June 2011 are set out in the table below:

		Performance Criteria			
Position	**Incentive Amount – % of TFP[1]**	**Division Financial Performance**	**Division Risk Performance and Individual Business Objectives**	**Group Financial Performance**	**Group Risk Performance and Individual Business Objectives**
CEO	100%	–	–	55%	45%
CFO	72%	–	–	70%	30%
Divisional MDs	73.5%	60%	30%	10%	–
Other Corporate Executives	60%	–	–	70%	30%

(1) The applicable TFP percentages include incentive opportunities for the achievement of 'stretch' targets by executives other than the CEO. The CEO has no stretch STI opportunity.

For Corporate executives, including the CEO and CFO, relevant financial performance criteria for the 2011 financial year were as follows:

- Group NPAT
- Return on Capital Employed (ROCE) and
- Group cash flow (defined as cash flow from operations less capital expenditure).

For Divisional Managing Directors, applicable financial performance criteria were:

- Group NPAT
- Divisional earnings before interest and tax (EBIT)
- Divisional cash flow
- Divisional revenue or volume growth.

The above measures were identified as key financial objectives for the success of the business in 2011 and the achievement of satisfactory returns for the Company's shareholders. As the business must deliver top-line and bottom-line growth in order to achieve sustainable increases in earnings that are consistent with shareholder expectations, revenue/volume growth and EBIT/NPAT were considered appropriate financial performance criteria for the STI plan. A cash flow measure was selected to focus executives on cash management, recognising the importance of the Company's continued ability to reinvest in its business while still paying a significant proportion of its earnings in dividends.

The risk performance measure selected for all executives was an agreed reduction in the Significant Injury Frequency Rate (SIFR) of employees, with divisional executives being assessed on a divisional target and Corporate executives against a Group target. As the safety of its employees is one of the Company's core values, the Board determined that the achievement of ongoing improvements in safety should be rewarded irrespective of the financial performance of the division or Group.

Accordingly, financial performance thresholds applied to all measures except safety, which was assessed independently of the other criteria. Therefore, if NPAT and EBIT thresholds were not achieved, payments would not be made for achievement of other financial measures or individual performance objectives. Between threshold and target NPAT and EBIT performance, payments would be made to a maximum of 20% of each of the other performance measures (provided those financial performance measures and individual performance objectives had been achieved to the level required).

The targets set at the beginning of the 2011 financial year for each financial measure required performance at or above the 2011 budget/business plan that was approved by the Board in June 2010. The business plan and the targets set represented an increase over the results for the year ended 30 June 2010, with all NPAT and EBIT targets at least 5% above the prior year.

CEO

The CEO's entitlement to a bonus payment under the STI plan is dependent upon the Group meeting key performance objectives 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.

For the 2011 financial year, Mr Margin was eligible to receive up to 55% of his fixed remuneration in the form of a STI for achievement of agreed financial targets (Group NPAT, ROCE and net free cash flow) determined by the Board. A further 45% was payable on achievement of risk management measures (a Group SIFR target) and individual business objectives as determined by the Board. For the 2011 financial year, those business objectives related to implementation of strategic initiatives and the achievement of measurable improvements in key human resources indicators relating to organisational capability and engagement. Similar to other executives, at the Board's discretion, 25% of the CEO's total 2011 STI award could be deferred for a year and paid in September 2012 by way of an allocation of shares in the Company.

The performance measures applicable to Mr Margin's short-term incentive were not achieved during the year and no short term incentive was paid.

Vesting of 2011 Short Term Incentive Payments

Short-term incentives paid or payable to executives who are key management personnel in respect of the 2011 financial year are set out below and in Table 2 on pages 52 and 53. Incentives have been paid on the basis of achievement of financial or risk performance criteria for the 2011 financial year. The Integro Foods division achieved its EBIT threshold for the financial year, while safety targets were achieved by the Baking and Dairy divisions and the Group as a whole. The Board approved payment of the full amount of the incentive awards in cash, with no deferred share component.

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:

	2011 Short Term Incentive		
	Included in remuneration[1] ($)	**% of total opportunity[2]**	
		% earned in year	% forfeited in year
Executive Directors			
P M Margin[3]	–	–	100%
Other Senior Executives			
A B Canning[4]	–	–	100%
D Clark	26,942	8%	92%
G G W Erby[3]	–	–	100%
D K Goldsmith[3]	–	–	100%
A R Hipperson	–	–	100%
N A Kearney[4]	18,144	8%	92%
P R Reidie	34,996	8%	92%
S K Roberts	16,174	4%	96%
C M S Stiff[3]	–	–	100%
J D West	25,496	8%	92%

(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, as set out above.

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

(3) Messrs Margin, Erby and Goldsmith ceased employment with the Group on 29 April 2011, 4 February 2011 and 23 February 2011, respectively and on 5 August 2011, the Company announced that Mr Stiff would cease employment with the Group on 30 September 2011. No short-term incentive was paid to these executives in respect of the 2011 financial year.

(4) Messrs Canning and Kearney became key management personnel on 14 February 2011 and 31 January 2011, respectively. Mr Kearney's STI award is pro-rated to reflect the period from his appointment to 30 June 2011.

No amounts vest in future financial years in respect of the short term incentive scheme for the 2011 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. Executives are not required to pay any amounts to the Group in relation to the provision of entitlements to them under the PSP or the allocation of shares to them upon achievement of the PSP performance criteria.

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. While achievement of the performance targets is reviewed at least twice yearly over the performance period, in conjunction with the preparation of the Group's half-year and annual financial reports, targets are not re-set by the Board.

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 approved by the Directors and audited. The incentive is awarded in Goodman Fielder shares which have been purchased on-market. Entitlement to the shares is also subject to the senior executive remaining employed by 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 % x $TFP[1]	÷	Closing share price on the last trading day prior to commencement of the performance period[2]	=	Number of Shares

(1) for executives other than the CEO, the relevant % of TFP is 20% (base) and 25% (on achievement of stretch targets); for Mr Margin, the relevant % of TFP is 50% (base) and 87.5% (on achievement of stretch EPS and ROCE targets and 100% achievement of relative TSR performance criteria)

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

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 Company's *Securities Trading Policy* (formerly the *Guidelines for Buying and Selling Goodman Fielder Securities*) adopted by the Board on 21 June 2007 and most recently amended on 17 December 2010. Breach of the Policy is regarded as serious misconduct, which will be subject to appropriate sanctions. The key management personnel who are senior executives of the Group have confirmed their compliance with the requirements of the Guidelines/Policy for the year ended 30 June 2011.

PSP Performance Measures – Current Structure

The performance targets approved by the Board which apply to offers to executives under the PSP 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 from continuing operations 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, relative total shareholder return (TSR), applied to the offers to Mr Margin under the PSP. TSR is the combined return from changes in the market value of a share and dividends paid to shareholders. Relative TSR is the ranking of the Company's TSR against the TSR of comparison companies.

At the end of the three-year performance period, Goodman Fielder's TSR performance was to be 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 comprised both competitors of the Company within the consumer staples sector and other significant listed companies within the broader "industrials" market segment. The comparator group comprised the following companies at the time of the 2009 offer and, for subsequent offers, the group was updated to exclude companies which were no longer listed on the ASX or had been subject to a demerger or sale of a significant part of the business:

S&P/ASX 200 Industrials companies:

Alesco Corporation Limited, Asciano Group (now Asciano Limited), Ausenco Limited, Australian Infrastructure Fund, Boart Longyear Limited, Bradken Limited, Brambles Limited, Cabcharge Australia Limited, ConnectEast Group, Crane Group Limited[1], CSR Limited[2], Corporate Express Australia Limited[1], Downer EDI Limited, Emeco Holdings Limited, GWA International Limited (now GWA Group Limited), Hills Industries Limited (now Hills Holdings Limited), Leighton Holdings Limited, Macmahon Holdings Limited, Macquarie Airports (now MAp Group), Macquarie Infrastructure Group[2], Monadelphous Group Limited, NRW Holdings Limited, PMP Limited, Qantas Airways Limited, Seek Limited, Spotless Group Limited, Transurban Group, Toll Holdings Limited, Transpacific Industries Group Ltd, Transfield Services Limited, United Group Limited (now UGL Limited), Virgin Blue Holdings Limited.

S&P/ASX 200 Consumer Staples companies:

ABB Grain Limited[1], AWB Limited[1], Coca-Cola Amatil Limited, Futuris Corporation Limited (now Elders Limited), Foster's Group Limited[2], Lion Nathan Limited[1], Metcash Limited, Timbercorp Limited, Wesfarmers Limited, Woolworths Limited.

(1) excluded from comparator group following removal from Official List of ASX on acquisition by another entity

(2) excluded from comparator group following restructure/demerger of company into two separate entities or sale of significant business to another entity

A baseline was established at the commencement of the financial year against which the TSR performance of Goodman Fielder and the comparator group was to be measured. The relevant TSR performance thresholds which applied to the CEO's incentive were 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%

EPS and ROCE were selected as they are considered to be effective measures for determining the underlying profitability of the business and the effective deployment of assets. A relative TSR measure was introduced in relation to the CEO's long-term incentive to provide a direct comparison of the Company's performance over the three-year performance period against a comparator group of companies that would, broadly, be expected to be similarly impacted by changes in market conditions.

In general, in order for shares to be allocated under the PSP, at least one of the EPS, ROCE or relative TSR targets must be met to a minimum level, although the Board retains discretion to award incentives under the PSP, having consideration to performance and other relevant factors, even though one or all criteria are not achieved. The Board has not previously exercised this discretion.

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.

Offers under the PSP

For the offers made under the PSP, the key performance criteria are annual compound growth in EPS and achievement of target ROCE, as follows:

F2009 Offer – Performance Period: 1 July 2008 to 30 June 2011				
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]

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

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

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

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. Mr Margin was able to earn an incentive of 50% of his TFP at 100% achievement of the EPS and ROCE performance criteria, rising to 62.5% for achievement of EPS and ROCE stretch performance criteria. A further 25% of his TFP could be earned on the basis of the Company's relative TSR performance. Accordingly, if all 'stretch' targets were achieved, Mr Margin had a total potential incentive opportunity of 87.5% of his TFP under the PSP offers.

Both ROCE and EPS targets must have been met to a minimum level for shares to have been allocated under the F2009 (fiscal 2009) PSP offer. However, under the F2010 and F2011 offers, shares may be allocated upon achievement of only one of the performance measures.

No shares were awarded to executives in relation to the F2009 offer, as the Group did not achieve the EPS and ROCE performance targets at 30 June 2011, the end of the three-year performance period.

Accounting Treatment of PSP entitlements

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.

For share entitlements under the PSP, the fair value is determined at grant date and accounting standards require this fair value to be expensed to the income statement over the three-year performance period, even though executives will not become entitled to be allocated these shares unless the performance criteria have been met at the end of the performance period. Where the entitlements are based on 'market' hurdles such as TSR, if there is any change in the probability of a hurdle being achieved, no adjustment is made to the fair value or income statement expense. For share entitlements based on 'non market' hurdles such as EPS or ROCE, an adjustment is made to the income statement expense based on probability of the hurdle being achieved. Accordingly, the expense recognised in a prior year may be reversed in a subsequent financial year where the Company has assessed that there is a reduced probability of meeting the relevant EPS or ROCE performance hurdles, the individual's entitlements have been forfeited or the performance period has ended and the performance criteria have not been met.

Set out below are the estimated fair values of the CEO's entitlements under the PSP in relation to the relative TSR performance targets, the entitlements of executives (including the CEO) in relation to the ROCE and EPS performance targets and the total expense to be recognised over the three year vesting period in respect of each of the offers.

TSR target (CEO)	**F2009 Offer**	**F2010 Offer**	**F2011 Offer**
Estimated Fair Value of Entitlements(1)	$0.92 per share	$0.87 per share	$Nil per share
Total Expense to be Recognised over Vesting Period	$Nil	Nil	$Nil

ROCE and EPS targets (CEO and other executives)	**F2009 Offer**	**F2010 Offer**	**F2011 Offer**
Estimated Fair Value of Entitlements(2)	$1.28 per share	$1.54 per share	$1.37 per share
Total Expense to be Recognised Over Vesting Period	Nil	$518,801	$581,639

(1) Determined using a Monte Carlo simulation pricing model which takes into account performance hurdles and the probability of achieving the performance target. The assumptions included in the valuation of the 2010 offer include a risk free interest rate of 3.2%, a dividend yield of 7.5% and volatility in the share price of 45%. As Mr Margin ceased employment with the Group prior to the end of the 2011 financial year, no fair value or expense has been attributed to his entitlements under the 2011 offer.

(2) Represents the closing share price on the ASX at the effective grant date.

As Messrs Margin, Erby and Goldsmith ceased employment with the Group prior to 30 June 2011, all of their entitlements to shares under the PSP were forfeited during the 2011 financial year. Accordingly, the amounts expensed in prior years in relation to the entitlements of these executives under the PSP have been reversed in accordance with accounting standards, as the executives were no longer employed by a Group company at the end of the three year performance period.

Summary of Executive Entitlements under PSP Offers

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:

				% of total opportunity			
Executive Directors	**Entitlement to ordinary shares under PSP – number of shares[1]**	**Effective grant date[2]**	**Performance period ends**	**% Earned in year**	**% Forfeited in year**	**Expense/(credit) recognised at 30 June 2011 $[3]**	**Financial year in which shares will be allocated**
P M Margin[4]	(TSR) 297,398	15 December 2010	30 June 2013	–	100%	–	2013/14
	(EPS/ROCE) 594,795	15 December 2010	30 June 2013	–	100%	–	2013/14
	(TSR) 287,356	15 December 2009	30 June 2012	–	100%	(83,333)	2012/13
	(EPS/ROCE) 574,713	15 December 2009	30 June 2012	–	100%	(217,577)	2012/13
	(TSR) 267,857	12 December 2008	30 June 2011	–	100%	(164,286)	2011/12
	(EPS/ROCE) 535,714	12 December 2008	30 June 2011	–	100%	–	2011/12
Other Senior Executives							
A B Canning	52,074	15 December 2010	30 June 2013	–	–	3,397	2013/14
	52,107	15 December 2009	30 June 2012	–	–	(12,172)	2012/13
D Clark	80,126	15 December 2010	30 June 2013	–	–	5,227	2013/14
	80,176	15 December 2009	30 June 2012	–	–	(18,594)	2012/13
	72,913	12 December 2008	30 June 2011	–	100%	–	2011/12
G G W Erby[4]	104,822	15 December 2009	30 June 2012	–	100%	(39,684)	2012/13
	94,863	12 December 2008	30 June 2011	–	100%	–	2011/12
D K Goldsmith[4]	110,463	15 December 2009	30 June 2012	–	100%	(41,819)	2012/13
	99,969	12 December 2008	30 June 2011	–	100%	–	2011/12
A R Hipperson	82,821	15 December 2010	30 June 2013	–	–	5,403	2013/14
	82,874	15 December 2009	30 June 2012	–	–	(19,220)	2012/13
	75,000	12 December 2008	30 June 2011	–	100%	–	2011/12
P R Reidie	91,846	15 December 2010	30 June 2013	–	–	5,992	2013/14
	83,668	15 December 2009	30 June 2012	–	–	(19,404)	2012/13
	67,991	12 December 2008	30 June 2011	–	100%	–	2011/12
S K Roberts	86,765	15 December 2010	30 June 2013	–	–	5,660	2013/14
	86,820	15 December 2009	30 June 2012	–	–	(20,135)	2012/13
	78,571	12 December 2008	30 June 2011	–	100%	–	2011/12
C M S Stiff[5]	108,253	15 December 2010	30 June 2013	–	–	7,062	2013/14
	107,280	15 December 2009	30 June 2012	–	–	(24,880)	2012/13
J D West	75,826	15 December 2010	30 June 2013	–	–	4,947	2013/14
	75,874	15 December 2009	30 June 2012	–	–	(17,597)	2012/13
	69,000	12 December 2008	30 June 2011	–	100%	–	2011/12

(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 $1.28 at 12 December 2008, $1.54 at 15 December 2009 and $1.37 at 15 December 2010.

(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, 2010 and 2011 share entitlements for the CEO and other executives which related to the achievement of ROCE and EPS performance criteria was $1.28 per share, $1.54 per share and $1.37 per share, respectively. The credits recognised in respect of the 2010 offer reflect adjustments to the net amount expensed based upon the assessed probability of achieving the performance hurdles applicable to the offer. The closing share price for the Company's ordinary shares on the ASX at 30 June 2009, 30 June 2010 and 30 June 2011 was $1.305 per share, $1.345 per share and $1.06 per share, respectively.

(4) The estimated fair values of the CEO's 2009 and 2010 share entitlements which related to the achievement of the relative TSR performance criterion under the PSP were $0.92 per share and $0.87 per share, respectively. Accounting standards required these values to be recognised over the three-year performance period relating to the awards and one-third of the total value was recognised in prior financial years during the performance period, even though Mr Margin was not entitled to be allocated these shares unless the performance criterion had been met at the end of the three year performance periods. As Mr Margin ceased employment with the Group on 29 April 2011, all of his entitlements under the PSP were forfeited and the amounts recognised in prior years in respect of Mr Margin's entitlements have been reversed. Messrs Goldsmith and Erby also ceased employment with the Group prior to the end of the financial year (on 23 February 2011 and 4 February 2011, respectively) and, accordingly, all of their entitlements under the PSP were forfeited and the amounts recognised in 2010 in respect of their entitlements have been reversed. Messrs Goldsmith and Erby did not participate in the 2011 PSP offer as both executives had given notice of termination of their employment at the time of grant of the share entitlements.

(5) On 5 August 2011 the Company announced that Mr Stiff would cease employment with the Group on 30 September 2011. His entitlements under the PSP will be forfeited at that time.

Other Discretionary Payments or Benefits

Other than in circumstances where an executive has elected to receive his or her remuneration by way of benefits instead of cash, no discretionary payments or benefits were given to Directors or senior executives during the financial period ended 30 June 2011.

Termination Benefits

Termination benefits paid to Messrs Goldsmith and Erby represent their statutory leave entitlements to the date they ceased employment with the Group.

Termination benefits paid to Mr Margin included his statutory leave entitlements, as well as a termination payment equal to 10 months' TFP in lieu of notice in accordance with his contractual arrangements with the Company.

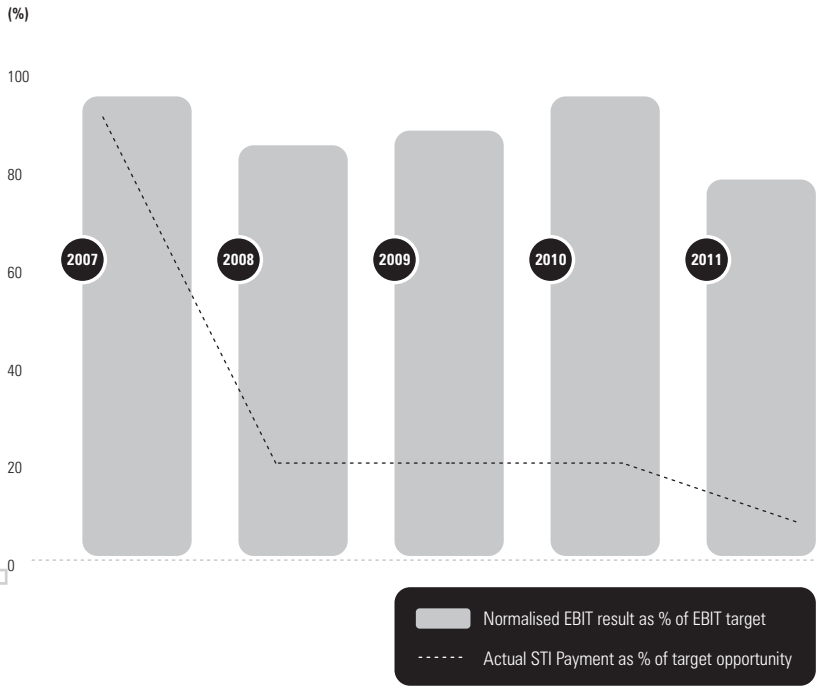
Group Performance

A significant proportion of the total remuneration opportunity of the CEO and other senior executives is 'at risk' remuneration and is aligned to Group performance. In considering the Group's performance and benefits for shareholder value in implementing and maintaining such incentive programs, the Human Resources and Remuneration Committee has regard to a number of indicators of Group performance, including the Group's earnings (NPAT), earnings per share (EPS), return on capital employed (ROCE) and cash flow.

The Human Resources and 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 Group and shareholders and will therefore provide the greatest chance of the Group 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 2008 excludes the impact of a $170 million non-cash impairment charge.The normalised EBIT result for the financial year ended 30 June 2011 excludes the impact of a $300 million non-cash impairment charge.

Current Year

Payments to key management personnel for the 2011 financial year under the STI plan were limited to the achievement of safety targets (which are not linked to Group financial performance) and, for Mr Roberts, the achievement of a threshold EBIT result for the Integro Foods division. No long-term incentives were paid under the F2009 Performance Share Plan offer in respect of the three year performance period ended 30 June 2011 as the Group did not achieve its ROCE and EPS performance targets.

Five Year Performance Summary

The Group's financial performance is affected by a number of significant external economic factors, including commodity and fuel prices and exchange rates, as well as factors which influence consumer spending, including interest and inflation rates.

Over the past five-year period the Group has experienced challenging market conditions, characterised by commodity cost volatility, a shift in consumer preferences to private label products, and a general decline in consumer confidence.

In determining the remuneration structure and at-risk remuneration of senior executives, the Board is mindful of the impact of external economic factors on business performance but seeks to set challenging performance targets which reward executives both for Group financial performance and also for the achievement of key Group objectives, such as ongoing improvements in employee safety. The Board recognises the importance of maintaining a meaningful link between executive rewards and the creation of shareholder value, as reflected in the reduced short-term incentive payments made in the past four years. STI payments have been largely for the achievement of safety measures or individual performance objectives, with some payments to divisional executives who have achieved divisional financial performance targets. Divisional and/or Group earnings thresholds have been introduced in the past two years, which apply to all measures other than safety. No shares have been awarded to executives under the Performance Share Plan to-date as EPS and ROCE targets have not been met.

The table below summarises details of the Company's earnings, dividends paid and changes in share price of the Company's shares over the past five year period.

Financial Year Ended 30 June	2007	2008	2009	2010	2011
Reported NPAT ($m)	239.8	27.7	175.7	161.1	(166.7)
EBIT ($m)	388.9	151.5	317.5	324.0	(13.4)
Safety (SIFR) (per million hours worked)	34.3	36.0	34.5	26.2	19.8
Dividends per share (cents)	13.5	13.5	10.5	10.75	7.75
Earnings per share (cents)	18.1	2.1	13.2	11.7	(12.1)
ROCE (%)	13.6%	5.9%	12.6%	12.7%	(0.6%)
Closing share price on ASX (A$ at 30 June)	2.43	1.405	1.305	1.345	1.06
STI Payment as % of Target Opportunity (%)	90%	19%	19%	19%	7%
LTI Payment as % of Target Opportunity (%)	0	0	0	0	0

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, Human Resources and Remuneration Committee and CEO, as appropriate.

Except as specified below in relation to the contracts of Mr Kearney and Mr Delaney, employment arrangements with senior executives are 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 Group must provide the CEO and direct executive reports 12 months' notice of termination or a maximum payment of 12 months' TFP upon redundancy. The Group 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 (3) months' notice of resignation. Mr Margin's contract stipulated that he was required to provide six (6) months' notice of resignation.

Mr Margin's contract of employment contained 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. No amounts were paid to Mr Margin in respect of short-term or long-term incentives on the cessation of his employment with the Group.

Appointment of Interim Chief Financial Officer

Following the announcement of Mr Goldsmith's resignation as Chief Financial Officer, Mr Neil Kearney was appointed the Company's interim Chief Financial Officer under a six-month fixed term employment contract. Mr Kearney's employment contract commenced on 31 January 2011 and, on 21 June 2011, was extended for a further six month period to 31 January 2012.

Under Mr Kearney's contract, he was eligible to participate in the Group's short-term incentive plan on a pro-rated basis to 30 June 2011. His financial performance and safety objectives under the STI plan were identical to other Group executives. Mr Kearney's individual performance objectives were determined by the Chief Executive Officer and included managing and maintaining the financial reporting and control environment pending the appointment of a permanent Chief Financial Officer.

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

Appointment of New Managing Director and Chief Executive Officer – 2012 Financial Year

Mr Chris Delaney was appointed the Company's new Managing Director and Chief Executive Officer effective 4 July 2011. The principal terms of his employment contract are as follows:

Term of Contract		4 years
Remuneration	TFP	$1,325,000 per annum, reviewed annually by the Board
	STI[1]	Up to 75% of TFP at target performance (and up to 108.75% of TFP including stretch opportunities), comprising cash payments and, if determined by the Board, Company shares awarded on the achievement of financial and non-financial performance criteria set at the beginning of each financial year and measured over the course of the financial year. The incentive is structured such that, at the Board's discretion, one quarter of the total STI award is deferred for a year and received as shares in the Company. The performance measures to apply to Mr Delaney's STI are Group NPAT and a Group safety (SIFR) target.
	LTI[1]	Up to 150% of TFP awarded in share rights which will vest at the completion of a three year performance period, subject to achievement of target TSR performance measured against the performance of a select comparator group of companies included in the S&P/ASX 200 index.
	Incentive at Commencement	Grant of 1,000,000 share performance rights (with each right representing an entitlement to one share in the Company) on commencement of employment with the Group as follows: • 500,000 performance rights to vest three years after commencement of employment, subject to Mr Delaney continuing to be employed by the Group at the time of allocation of the shares; and • 500,000 performance rights to vest three years after commencement of employment, subject to the Group achieving a compound annual EPS growth rate of at least 10% over the three-year period. The performance rights that are subject only to a three-year service condition have been granted to Mr Delaney as a retention incentive and will be forfeited if Mr Delaney ceases employment with the Group prior to the third anniversary of his commencement.
Termination	By Goodman Fielder, with notice	At any time, with 12 months notice in writing or payment of 12 months TFP in lieu of notice
	By Goodman Fielder, without notice	For cause, including serious misconduct or material or persistent breach of terms of the employment contract
	On completion of term where contract is not renewed	Payment of 12 months TFP
	By Mr Delaney, on a change in control or other "Fundamental Change in Circumstances"	Within 6 months after a Fundamental Change in Circumstances (circumstances under which Mr Delaney remains employed by Group but ceases to hold the most senior management role or the scope of his responsibilities or authorities is materially diminished), Mr Delaney has the right to terminate his appointment on giving three months notice in writing. On the valid exercise of this right, Mr Delaney will be paid 12 months TFP in lieu of notice
	By Mr Delaney	At any time with 6 months notice in writing

Obligations and Entitlements on Completion of Employment	Unvested Incentive Awards[1]	Subject to shareholder approval and/or the Board's discretion, as applicable: • unvested rights which are subject to performance conditions will vest pro rata, provided performance measures have been achieved for the portion of the performance period which has been completed • a pro rata STI award may be paid where performance is on target to achieve the full year performance measures determined by the Board • unvested performance rights which are subject solely to service conditions will not vest pro rata if Mr Delaney is no longer employed by the Group on the third anniversary after 4 July 2011, the date on which he commenced employment with the Group
	Restraint	For a period of 12 months following termination of Mr Delaney's appointment, he is restrained from: • involvement in any business similar to or in competition with the business of the Goodman Fielder Group; and • soliciting or enticing any director, employee or client of the Group to leave, discontinue their relationship with or reduce the amount of business with the Group or attempting to do so
Non-compete restriction		Under the terms of a non-compete restriction imposed by Mr Delaney's previous employer, he is unable to participate in the management of the Group's biscuits business until 1 April 2012. During this interim period, management of the business will be undertaken by the Chief Financial Officer and the Managing Director of the Home Ingredients division, supported by other senior executives within the division and Group.

(1) The grant of share-based incentives under Mr Delaney's incentive arrangements and his initial grant of 1,000,000 share performance rights are subject to shareholder approval at the Company's 2011 Annual General Meeting. Shareholder approval will also be sought for the payment of pro rata incentive awards and/or other benefits acquired under, or arising from, Mr Delaney's contractual arrangements with the Group in connection with any future termination of his employment or office.

For Mr Delaney's long-term incentive, the comparator group of companies used to determine Goodman Fielder's relative TSR performance comprises a list of select companies within the consumer staples, consumer discretionary, healthcare, IT and telecommunications sectors. The companies, which are included in the S&P/ASX200 index, have market capitalisations and revenues broadly comparable to the Company.

The TSR performance measures which apply to Mr Delaney's long-term incentive are as follows:

Goodman Fielder TSR performance measured against comparator group	Percentage of TSR Component Earned
0 to 49th percentile	Nil
50th to 64th percentile	50%
65th to 74th percentile	100% – 149%
75th to 100th percentile	150%

Mr Delaney is also entitled to health care insurance coverage for himself and his family and taxation advisory services for the preparation of his tax returns while employed by the Group.

Director and Executive Remuneration (Company and Consolidated)

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

TABLE 1: REMUNERATION OF DIRECTORS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2011

		Short-term benefits		
A$	**Year**	**Salary and fees**	**Short-term cash incentives** (1)	**Non-monetary** (3)
Non–executive Directors				
M G Ould[6] *Chairman*	**2011**	**361,501**	**–**	**–**
	2010	351,288	–	–
C J Froggatt *Director*	**2011**	**113,197**	**–**	**–**
	2010	72,709	–	–
S Gregg *Director*	**2011**	**158,716**	**–**	**–**
	2010	52,018	–	–
P R Hearl *Director*	**2011**	**149,266**	**–**	**–**
	2010	48,922	–	–
C A Hooke *Director*	**2011**	**163,945**	**–**	**–**
	2010	159,174	–	–
I D Johnston *Director*	**2011**	**149,266**	**–**	**–**
	2010	144,954	–	–
H E Perrett[6] *Director*	**2011**	**123,500**	**–**	**–**
	2010	161,500	–	–
Total Remuneration for Non-executive Directors	**2011**	**1,219,391**	**–**	**–**
	2010	990,565	–	–
Executive Directors				
P M Margin[6] *Managing Director and CEO*	**2011**	**1,288,399**	**–**	**2,056**
	2010	1,447,220	187,500	44,675
Total Remuneration for all Directors	**2011**	**2,507,790**	**–**	**2,056**
	2010	2,437,785	187,500	44,675

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

(2) Amounts disclosed as remuneration of Directors and executives exclude insurance premiums paid by the Group in respect of Directors' and officers' liability insurance contracts which cover current and former Directors, Secretaries and senior managers of Goodman Fielder Limited and its subsidiaries. This amount has not been allocated to the individuals covered by the insurance policy as, based upon all available information, the Directors believe that no reasonable basis for such allocation exists.

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

(4) Other long-term benefits include the net increase in long service leave entitlements accrued during the financial year.

(5) No options over unissued shares in the Company were granted to any Director of the Goodman Fielder Group as part of their remuneration during the financial year and there are no unvested options held by any Director. In accordance with the requirements of the Accounting Standards, executive remuneration includes a proportion of the notional value of equity compensation granted during the year. The notional value of equity instruments which do not vest during the reporting period is determined as at the grant date and is progressively allocated over the vesting period. The amount included as remuneration is not related to or indicative of the benefit (if any) that individual executives may ultimately realise should the equity-based payments vest. The notional value of executives' entitlements to shares under the Performance Share Plan was determined in accordance with AASB 2 Share-Based Payment. The amounts set out above for 2010 for Mr Margin included a third of the value of his entitlements under the 2009 and 2010 offers under the Performance Share Plan in relation to the relative

Post-employment						
Superannuation	Other post-employment benefits	Other long-term benefits (4)	Termination benefits	Share-based payments (5)	Total (2)	Proportion of remuneration performance related (%) (7)
15,199	**–**	**–**	**–**	**–**	**376,700**	**–**
14,461	–	–	–	–	365,749	–
50,603	**–**	**–**	**–**	**–**	**163,800**	**–**
59,570	–	–	–	–	132,279	–
14,284	**–**	**–**	**–**	**–**	**173,000**	**–**
4,682	–	–	–	–	56,700	–
13,434	**–**	**–**	**–**	**–**	**162,700**	–
4,403	–	–	–	–	53,325	–
14,755	**–**	**–**	**–**	**–**	**178,700**	**–**
14,326	–	–	–	–	173,500	–
13,434	**–**	**–**	**–**	**–**	**162,700**	**–**
13,046	–	–	–	–	158,000	–
–	**–**	**–**	**–**	**–**	**123,500**	**–**
–	–	–	–	–	161,500	–
121,709	**–**	**–**	**–**	**–**	**1,341,100**	**–**
110,488	–	–	–	–	1,101,053	–
53,498	**–**	**–**	**1,559,772**	**(465,196)**	**2,438,529**	**–**
50,716	–	5,626	–	383,053	2,118,790	26.9%
175,207	**–**	**–**	**1,559,772**	**(465,196)**	**3,779,629**	**–**
161,204	–	5,626	–	383,053	3,219,843	17.7%

TSR performance target ($82,143 and $83,333, respectively) and a third of the value of his entitlements under the 2010 offer in respect of the EPS/ROCE performance targets ($217,577). These amounts have been reversed in the 2011 financial year as Mr Margin's entitlements were forfeited at the time he ceased employment with the Group.

(6) Mr Perrett resigned as a Director of the Company and a Member of all Board Committees on 25 March 2011. Mr Margin ceased employment with the Goodman Fielder Group effective 29 April 2011 and his entitlements to share-based incentives were forfeited on the date he ceased employment. Accordingly, all amounts recognised in prior years in respect of entitlements which were forfeited in 2011 have been reversed in accordance with accounting standards. Following Mr Margin's departure, Mr Ould was appointed Executive Chairman of the Company from 30 April 2011 to 4 July 2011, the date on which Mr Chris Delaney, the Company's new Managing Director and Chief Executive Officer, commenced employment with the Group. No additional remuneration was paid to Mr Ould in relation to the period he served as Executive Chairman.

(7) In respect of the percentages determined for the 2011 financial year, all share-based payment amounts have been excluded from the calculation of the proportion of remuneration that is performance related, given that these amounts represent a net reversal of expense.

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 (5) executives of the Company and Group who received the highest remuneration in the year. For the purposes of this Remuneration Report, Mr Margin (whose remuneration is disclosed with the other Directors' remuneration in Table 1) and Mr West are the sole Company executives. Messrs Canning, Clark, Erby, Goldsmith, Hipperson, Kearney, Reidie, Roberts and Stiff are or were Group executives.

TABLE 2: REMUNERATION OF COMPANY AND GROUP EXECUTIVES FOR THE FINANCIAL YEAR ENDED 30 JUNE 2011

		Short-term benefits		
A$	**Year**	**Salary and fees**	**Short-term cash incentives** [1]	**Non-monetary** [3]
A B Canning[6]	**2011**	**182,885**	**–**	**18,751**
Managing Director, Asia Pacific	2010	n/a	n/a	n/a
D Clark	**2011**	**481,175**	**26,942**	**8,932**
Group Human Resources Director	2010	456,951	52,315	18,199
G G W Erby[7]	**2011**	**378,361**	**–**	**1,144**
Managing Director, Home Ingredients	2010	630,799	–	2,447
D K Goldsmith[7]	**2011**	**458,573**	**–**	**1,613**
Chief Financial Officer	2010	672,928	86,493	46,868
A R Hipperson[6]	**2011**	**574,572**	**–**	**27,768**
Managing Director, Home Ingredients	2010	515,650	65,423	10,186
N A Kearney[6]	**2011**	**234,613**	**18,144**	**30,706**
Interim Chief Financial Officer	2010	n/a	n/a	n/a
P R Reidie[8]	**2011**	**554,037**	**34,996**	**77,531**
Managing Director, Fresh Dairy	2010	526,041	155,477	2,784
S K Roberts	**2011**	**512,842**	**16,174**	**24,057**
Managing Director, Integro Foods	2010	496,783	353,793 [9]	23,153
C M S Stiff[9] [10]	**2011**	**698,576**	**–**	**21,744**
Managing Director, Fresh Baking	2010	442,716	55,000	34,551
J D West	**2011**	**492,253**	**25,496**	**2,475**
Company Secretary and Group General Counsel, Group Commercial Director	2010	470,016	99,508 [9]	2,447
Total Remuneration for Executives	**2011**	**4,567,887**	**121,752**	**214,721**
	2010	4,211,884	868,009	140,635

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

(2) Amounts disclosed as remuneration of Directors and executives exclude insurance premiums paid by the Group in respect of Directors' and officers' liability insurance contracts which cover current and former Directors, Secretaries and senior managers of Goodman Fielder Limited and its subsidiaries. This amount has not been allocated to the individuals covered by the insurance policy as, based upon all available information, the Directors believe that no reasonable basis for such allocation exists.

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

(4) Other long-term benefits include the net increase in long service leave entitlements accrued during the financial year.

(5) 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 was determined in accordance with AASB 2 Share-Based Payment. The amounts recognised in 2010 for executives represent a third of the value of their entitlements under the 2010 offer in respect of the EPS/ROCE performance targets. A portion of these amounts has been reversed in the 2011 financial year based upon the current assessed probability of achievement of the performance targets. Details of the amounts recognised in 2011 for executives under the 2011 offer are set out on page 44.

Post-employment						
Superannuation	Other post-employment benefits	Other long-term benefits (4)	Termination benefits	Share-based payments (5)	Total (2)	Proportion of remuneration performance related (%) (11)
5,763	**–**	**482**	**–**	**(8,775)**	**199,106**	**–%**
n/a	n/a	n/a	n/a	n/a	n/a	n/a
48,738	**–**	**2,035**	**–**	**(13,367)**	**554,455**	**4.7%**
48,000	–	1,818	–	30,353	607,636	13.6%
35,372	**–**	**–**	**106,685**	**(39,684)**	**481,878**	**–%**
50,716	–	19,842	–	39,684	743,488	5.3%
30,180	**–**	**–**	**62,063**	**(41,819)**	**510,610**	**–%**
45,397	–	1,589	–	41,819	895,094	14.3%
15,199	**–**	**30,989**	**–**	**(13,817)**	**634,711**	**–%**
22,592	–	23,763	–	31,375	668,989	14.5%
59,967	**–**	**–**	**–**	**–**	**343,430**	**5.3%**
n/a	n/a	n/a	n/a	n/a	n/a	n/a
28,300	**–**	**286**	**–**	**(13,412)**	**681,738**	**5.0%**
21,042	–	180	–	31,675	737,199	25.4%
47,302	**–**	**763**	**–**	**(14,475)**	**586,663**	**2.7%**
46,564	–	681	–	32,869	953,843	40.5% (9)
25,199	**–**	**703**	**–**	**(17,818)**	**728,404**	**–%**
16,307	–	71	–	40,614	589,259	16.2%
15,199	**–**	**20,835**	**–**	**(12,650)**	**543,608**	**4.6%**
22,611	–	4,278	–	28,725	627,585	20.4% (9)
311,219	**–**	**56,093**	**168,748**	**(175,817)**	**5,264,603**	**2.2%**
273,229	–	52,222	–	277,114	5,823,093	12.3%

(6) Comparative information has not been provided for Messrs Canning and Kearney as they were not key management personnel of the Group for the year ended 30 June 2010. Mr Canning was appointed Managing Director of the Asia Pacific division on 14 February 2011 and Mr Kearney commenced a fixed-term contract as Interim Chief Financial Officer on 31 January 2011. Mr Hipperson, who held the position of Managing Director of the Asia Pacific division from 1 July 2009, was appointed Managing Director of the Home Ingredients division effective 14 February 2011.

(7) Messrs Erby and Goldsmith ceased employment with the Goodman Fielder Group effective 4 February 2011 and 23 February 2011, respectively and their entitlements to share-based incentives were forfeited on the date they ceased employment. Accordingly, all amounts recognised in prior years in respect of entitlements which were forfeited in 2011 have been reversed in accordance with accounting standards.

(8) Remuneration for Mr Reidie is payable in New Zealand dollars and for the purposes of disclosure has been converted to Australian dollars at the rate of A$1.00/NZ$1.30.

(9) Short-term cash incentives for Messrs Roberts and West paid during the 2010 financial year included discretionary bonuses which related to duties performed during both the 2009 and 2010 financial years and which were contingent upon events occuring in the 2010 financial year. 2010 comparative information for Mr Stiff is pro-rated to reflect his commencement as Managing Director, Fresh Baking on 2 November 2009.

(10) On 5 August 2011, the Company announced that Mr Stiff would cease employment with the Group on 30 September 2011. His share-based entitlements under the PSP will be forfeited at that time.

(11) In respect of the percentages determined for the 2011 financial year, all share-based payment amounts have been excluded from the calculation of the proportion of remuneration that is performance related, given that these amounts represent a net reversal of expense.

Non – Audit Services

During the period ended 30 June 2011, KPMG, the Group's auditor, performed certain other services in addition to their statutory duties.

Details of the amounts paid to KPMG, and its related practices for audit and non-audit services provided during the year are set out in note 32 to the consolidated financial statements.

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

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

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

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

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

Chris Delaney
Managing Director and Chief Executive Officer
29 August 2011

Max Ould
Chairman
29 August 2011

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 year ended 30 June 2011 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

David Rogers.

David Rogers
Partner

Sydney
29 August 2011

Income Statement for the year ended 30 June 2011

	Notes	2011 $m	2010 $m
Revenue			
Sale of goods		**2,556.2**	2,660.1
Other income	5	**13.9**	4.7
Cost of sales		**(1,620.9)**	(1,672.1)
Warehousing and distribution expenses		**(356.9)**	(353.2)
Selling and marketing expenses		**(173.7)**	(177.8)
General and administration expenses		**(132.0)**	(137.7)
Other [1]		**(300.0)**	–
Expenses, excluding finance costs		**(2,583.5)**	(2,340.8)
Net financing costs	6	**(101.4)**	(86.5)
(Loss)/profit before income tax		**(114.8)**	237.5
Income tax expense	7	**(46.5)**	(71.7)
(Loss)/profit for the year		**(161.3)**	165.8
Attributable to:			
Owners of Goodman Fielder Limited		**(166.7)**	161.1
Non-controlling interest		**5.4**	4.7
(Loss)/profit for the year		**(161.3)**	165.8
Earnings per share for (loss)/profit attributable to the owners of Goodman Fielder Limited:		**Cents**	Cents
Basic earnings per share	42	**(12.1)**	11.7
Diluted earnings per share	42	**(12.1)**	11.7

(1) Impairment charge on Fresh Baking goodwill of $300.0m. Refer to note 18.

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

	Notes	2011 $m	2010 $m
(Loss)/profit for the year		**(161.3)**	165.8
Other comprehensive (loss)/income (net of tax)			
Foreign exchange translation differences		**(50.3)**	(3.7)
Changes in the fair value of cash flow hedges		**0.2**	5.2
Exchange differences on non-controlling interest		**(0.6)**	(0.8)
Other comprehensive (loss)/income for the year (net of tax)		**(50.7)**	0.7
Total comprehensive (loss)/income for the year		**(212.0)**	166.5
Attributable to:			
Owners of Goodman Fielder Limited		**(217.4)**	161.8
Non-controlling interest		**5.4**	4.7
Total comprehensive (loss)/income for the year		**(212.0)**	166.5

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

Statement of Financial Position as at 30 June 2011

	Notes	2011 $m	2010 $m
ASSETS			
Current assets			
Cash and cash equivalents	9	**79.9**	73.3
Trade and other receivables	10	**246.1**	247.4
Inventories	11	**196.2**	166.1
Derivative financial instruments	12	**0.4**	0.1
Current tax receivable		**8.9**	16.0
Other current assets	13	**3.8**	6.5
Total current assets		**535.3**	509.4
Non-current assets			
Receivables	14	**3.6**	5.3
Investments in jointly controlled entities	15	**2.8**	1.8
Property, plant and equipment	16	**608.3**	602.5
Deferred tax assets	17	**60.0**	54.7
Intangible assets	18	**1,571.2**	1,906.1
Other non-current assets	19	**1.9**	2.2
Total non-current assets		**2,247.8**	2,572.6
Total assets		**2,783.1**	3,082.0

	Notes	2011 $m	2010 $m
LIABILITIES			
Current liabilities			
Trade and other payables	21	**313.1**	297.9
Borrowings	22	**51.1**	691.7
Derivative financial instruments	12	**23.2**	19.0
Current tax liabilities		**17.6**	13.1
Provisions	24	**49.9**	50.9
Total current liabilities		**454.9**	1,072.6
Non-current liabilities			
Borrowings	25	**912.3**	297.1
Derivative financial instruments	12	**82.1**	13.9
Deferred tax liabilities	26	**17.9**	16.5
Provisions	27	**15.6**	13.9
Total non-current liabilities		**1,027.9**	341.4
Total liabilities		**1,482.8**	1,414.0
Net assets		**1,300.3**	1,668.0
EQUITY			
Contributed equity	28	**1,812.2**	1,812.2
Reserves (1)	29(a)	**(259.5)**	(208.2)
(Accumulated losses)/retained earnings (1)	29(b)	**(260.3)**	54.8
Capital and reserves attributable to the owners of Goodman Fielder Limited		**1,292.4**	1,658.8
Non-controlling interest		**7.9**	9.2
Total equity		**1,300.3**	1,668.0

(1) Refer to note 29(b) for details regarding the restatement as a result of a $2.6 million prior period error.

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

Statement of Changes in Equity for the year ended 30 June 2011

		Attributable to owners of	
	Notes	Contributed equity *$m*	Hedging reserve *$m*
Balance at 1 July 2009[1]		1,771.9	(29.2)
Profit for the year		–	–
Other comprehensive income for the year	29	–	5.2
Total comprehensive income for the year		–	5.2
Transactions with owners in their capacity as owners:			
Dividends paid to shareholders	30	–	–
Dividend reinvestment plan issues		40.3	–
Share-based payment transactions		–	–
		40.3	–
Balance at 30 June 2010[1]		1,812.2	(24.0)
Balance at 1 July 2010		1,812.2	(24.0)
(Loss)/profit for the year		**–**	**–**
Other comprehensive income for the year	29	**–**	**0.2**
Total comprehensive income for the year		**1,812.2**	**(23.8)**
Transactions with owners in their capacity as owners:			
Dividends paid to shareholders	30	**–**	**–**
Share-based payment transactions		**–**	**–**
		–	**–**
Balance at 30 June 2011		**1,812.2**	**(23.8)**

(1) Refer to note 29(b) for details regarding the restatement as a result of a $2.6 million prior period error.

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

Goodman Fielder Limited and its controlled entities					
Foreign currency translation reserve *$m*	Share based payment reserve *$m*	(Accumulated losses)/ retained earnings *$m*	Total *$m*	Non-controlling interests *$m*	Total equity *$m*
(182.2)	–	47.5	1,608.0	9.7	1,617.7
–	–	161.1	161.1	4.7	165.8
(3.7)	–	–	1.5	(0.8)	0.7
(3.7)	–	161.1	162.6	3.9	166.5
–	–	(153.8)	(153.8)	(4.4)	(158.2)
–	–	–	40.3	–	40.3
–	1.7	–	1.7	–	1.7
–	1.7	(153.8)	(111.8)	(4.4)	(116.2)
(185.9)	1.7	54.8	1,658.8	9.2	1,668.0
(185.9)	1.7	54.8	1,658.8	9.2	1,668.0
–	**–**	**(166.7)**	**(166.7)**	**5.4**	**(161.3)**
(50.3)	**–**	**–**	**(50.1)**	**(0.6)**	**(50.7)**
(236.2)	**1.7**	**(111.9)**	**1,442.0**	**14.0**	**1,456.0**
–	**–**	**(148.4)**	**(148.4)**	**(6.1)**	**(154.5)**
–	**(1.2)**	**–**	**(1.2)**	**–**	**(1.2)**
–	**(1.2)**	**(148.4)**	**(149.6)**	**(6.1)**	**(155.7)**
(236.2)	**0.5**	**(260.3)**	**1,292.4**	**7.9**	**1,300.3**

Statement of Cash Flows for the year ended 30 June 2011

	Notes	2011 $m	2010 $m
Cash flows from operating activities			
Receipts from customers		**2,734.2**	2,852.1
Payments to suppliers and employees		**(2,394.2)**	(2,414.0)
Insurance proceeds	3	**8.6**	–
Interest received		**1.5**	2.4
Interest paid		**(102.3)**	(95.8)
Income taxes paid		**(40.2)**	(25.0)
Net cash inflow from operating activities	39	**207.6**	319.7
Cash flows from investing activities			
Payments for property, plant and equipment		**(103.6)**	(102.2)
Payment for business acquired		**(0.3)**	–
Proceeds from sale of property, plant and equipment		**0.6**	16.5
Proceeds from sale of business		**–**	1.9
Net cash outflow from investing activities		**(103.3)**	(83.8)
Cash flows from financing activities			
Proceeds from borrowings		**1,611.1**	1,038.2
Repayment of borrowings		**(1,549.5)**	(1,142.0)
Finance lease payments		**(1.1)**	(0.9)
Dividends paid (net of dividend reinvestment plan)	30	**(148.4)**	(113.3)
Dividends paid to outside equity interests		**(6.1)**	(4.4)
Payment of deferred consideration		**–**	(3.3)
Net cash outflow from financing activities		**(94.0)**	(225.7)
Net increase in cash and cash equivalents		**10.3**	10.2
Cash and cash equivalents at the beginning of the financial year		**73.3**	65.4
Effects of exchange rate changes on cash and cash equivalents		**(3.7)**	(2.3)
Cash and cash equivalents at end of year	9	**79.9**	73.3

The above statement of cash flows should be read in conjunction with the accompanying notes.

1. Summary of significant accounting policies

Goodman Fielder Limited is a company domiciled in Australia.

The principal accounting policies adopted in the preparation of the financial report are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated. This financial report includes consolidated financial statements for the Group consisting of Goodman Fielder Consumer Foods Pty Limited, as the accounting parent, and its deemed subsidiaries (together referred to as the Group).

The financial report was authorised for issue by the Directors on 29 August 2011.

(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 financial report of the Group also complies with the International Financial Reporting Standards (IFRS) and interpretations adopted by the International Accounting Standards Board.

(ii) Early adoption of standards

The Group has elected to apply the following pronouncements to the annual reporting period beginning 1 July 2010:

- AASB 2010-4 *Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project*

This includes applying the revised pronouncement to the comparatives in accordance with AASB 108 *Accounting Policies, Changes in Accounting Estimates and Errors*. None of the items in the financial statements had to be restated as the result of applying this standard.

In the current period, the Group has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (the AASB) that are relevant to its operations and effective for the current reporting period. The adoption of these new and revised Standards and Interpretations did not result in any material changes to the Group's accounting policies.

(iii) Basis of measurement

The financial statements have been prepared on the historical cost basis except for the following material items in the statement of financial position:

- derivative financial instruments are measured at fair value.

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

(iv) 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
- Goodman Fielder Consumer Foods Pty Limited (GFCF), which is neither the legal parent nor legal acquirer, is deemed to be the accounting parent of the Group.

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

The impact on equity of treating the formation of the Group as a reverse acquisition is discussed in note 28.

The financial information incorporates the assets and liabilities of all entities deemed to be acquired by GFCF, including GFL, and the 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 deconsolidated from the date that control ceases.

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

(iii) Jointly controlled entities

In the 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 38.

The Group's share of the jointly controlled entities' net profit or loss is recognised in the income statement from the date joint control commenced until the date joint control ceases.

1. Summary of significant accounting policies (continued)

(b) Principles of consolidation (continued)

(iv) Net current asset/liabilities

As at 30 June 2011, the Group was in a positive net current asset position of $80.4m. As at 30 June 2010 the Group had net current liabilities of $563.2m. This was primarily due to the $691.3m of drawn debt maturing in November 2009. This debt was fully refinanced in September 2010 using committed debt facilities.

(c) Segment reporting

Segment assets include all assets used by a segment and consist primarily of cash, receivables, inventories, property, plant and equipment and goodwill and other intangible assets, net of related provisions. While most of these assets can be directly attributable to individual segments, the carrying amounts of certain assets used jointly by segments are allocated, where possible, based on reasonable estimates of usage. 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).

Segment capital expenditure is the total cost incurred during the period to acquire property, plant and equipment, and intangible assets other than goodwill.

Inter-segment transfers

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

(d) Foreign currency translation

(i) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The financial statements are presented in Australian dollars, which is the functional and presentation currency of Goodman Fielder Limited.

(ii) Transactions and balances

Transactions in foreign currencies are translated at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated to Australian dollars at the foreign exchange rate at that date. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated to Australian dollars at foreign exchange rates at the dates the fair value was determined.

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 at the reporting date. The revenues and expenses of foreign operations are translated to Australian dollars at rates approximating the foreign exchange rates at the dates of the transactions. Foreign exchange differences arising on translation are recognised directly in a separate component of equity, the foreign currency translation reserve.

(e) Derivatives

The Group uses derivative financial instruments to hedge its exposure to interest rate risks, foreign currency risks and commodity price risks arising from operational and financing activities. In accordance with its treasury policies, the Group does not hold or issue derivative financial instruments for trading purposes. However, derivatives that do not qualify for hedge accounting are accounted for as trading instruments and the associated gain or loss is recognised immediately in the income statement.

Derivative financial instruments are recognised initially at fair value. Subsequent to initial recognition, all derivative financial instruments are stated at fair value on the balance sheet. The gain or loss on remeasurement to fair value is recognised immediately in the income statement. However, where derivatives qualify for hedge accounting, recognition of any resultant gain or loss depends on the nature of the item being hedged (refer to (i) and (ii) below).

The fair values of various derivative financial instruments used for hedging purposes are disclosed in note 12. Movements in the hedging reserve in shareholders' equity are shown in note 29. The full fair value of a hedging derivative is classified as a current asset or liability when the remaining maturity of the hedged item is less than 12 months; it is classified as a non-current asset or liability when the remaining maturity of the hedged item is more than 12 months.

(i) Hedge of monetary assets and liabilities

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

(ii) Cash flow hedge

On initial designation of the derivative as the hedging instrument, the Group formally documents the relationship between the hedging instrument and hedged item, including the risk management objectives and strategy in undertaking the hedge transaction and the hedged risk, together with the methods that will be used to assess the effectiveness of the hedging relationship. The Group makes an assessment, both at the inception of the hedge relationship as well as on an ongoing basis, whether the hedging instruments are expected to be "highly effective" in offsetting the changes in the fair value or cash flows of the respective hedged items attributable to hedged risk, and whether the actual results of each hedge are within a range of 80–125 percent. For a cash flow hedge of a forecast transaction, the transaction should be highly probable to occur and should present an exposure to variations in cash flows that could ultimately affect reported profit or loss.

Where a derivative financial instrument is designated as a hedge of the variability in cash flows of a recognised asset or liability, or a highly probable forecasted transaction, the effective part of any gain or loss on the derivative financial instrument is recognised directly in other comprehensive income and presented in the hedging reserve in equity. The associated cumulative gain or loss recognised in other comprehensive income is transferred to the carrying amount of the asset recognised when the hedged item is a non-financial asset. In other cases the amount recognised in equity is transferred to the income statement in the same period or periods during which the hedged forecast transaction affects profit or loss. To the extent that the hedge is ineffective, changes in fair value are recognised in profit or loss.

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

(f) Fair value estimation

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

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

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

(g) Property, plant and equipment

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

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the assets to a working condition for their intended use, the costs of dismantling and removing the items and restoring the site on which they are located, and capitalised borrowings costs. Cost also may include transfers from equity of any gain or loss on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

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

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

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date.

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

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These are included in the income statement.

(h) Business combinations

Business combinations are accounted for using the acquisition method as at the acquisition date, which is the date on which control is transferred to the Group. Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, the Group takes into consideration potential voting rights that currently are exercisable.

Acquisitions on or after 1 July 2009

For acquisitions on or after 1 July 2009, the Group measures goodwill at the acquisition date as:

- the fair value of the consideration transferred; plus
- the recognised amount of any non-controlling interests in the acquiree; plus if the business combination is achieved in stages, the fair value of the existing equity interest in the acquiree; less
- the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in profit or loss.

Costs related to the acquisition, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

Any contingent consideration payable is recognised at fair value at the acquisition date. If the contingent consideration is classified as equity, it is not remeasured and settlement is accounted for within equity. Otherwise, subsequent changes to the fair value of the contingent consideration are recognised in profit or loss.

When share-based payment awards (replacement awards) are required to be exchanged for awards held by the acquiree's employee (acquiree's awards) and relate to past services, then all or a portion of the amount of the acquirer's replacement awards is included in measuring the consideration transferred in the business combination. This determination is based on the market-based value of the replacement awards compared with the market-based value of the acquiree's awards and the extent to which the replacement awards relate to past and/or future service.

1. Summary of significant accounting policies (continued)

(h) Business combinations (continued)

Acquisitions between 1 July 2004 and 1 July 2009

For acquisitions between 1 July 2004 and 1 July 2009, goodwill represents the excess of the cost of the acquisition over the Group's interest in the recognised amount (generally fair value) of the identifiable assets, liabilities and contingent liabilities of the acquiree. When the excess was negative, a bargain purchase gain was recognised immediately in profit or loss.

Transaction costs, other than those associated with the issue of debt or equity securities, that the Group incurred in connection with business combinations were capitalised as part of the cost of the acquisition.

(i) Intangible assets

(i) Goodwill

Goodwill represents the difference between the cost of the acquisition and the fair value of the net identifiable assets acquired. In respect of acquisitions that took place in the period, goodwill is provisionally determined based on the preliminary fair value of net identifiable assets acquired. Goodwill recognised on acquisition is subject to change until the allocation of the purchase price to the fair value of net identifiable assets is finalised, not more than 12 months from the date of acquisition. Where the excess is negative, 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 Group assesses the useful life of all intangible assets at each reporting date. Any changes in the useful lives are accounted for as a change in an accounting estimate and are thus accounted for on a prospective basis. Licences with finite lives are amortised over their lives in accordance with the estimated timing of the benefits expected to be received from those assets. Amortisation of finite life brand names and licences is recognised within 'general and administration expenses' in the income statement.

(iii) IT development and software

Software is stated at cost less accumulated amortisation and impairment losses.

Costs incurred in developing products or systems and costs incurred in acquiring software and licenses that will contribute to future period financial benefits through revenue generation and/or cost reduction are capitalised to software. Costs capitalised include external direct costs of materials and service, direct payroll and payroll related costs of employees' time spent on the project. Amortisation is charged to the income statement on a straight line basis over the estimated useful life ranging from 4 to 6 years.

IT development costs include only those costs directly attributable to the development phase and are only recognised following completion of technical feasibility and where the Group has an intention and ability to use the asset.

(j) Impairment of assets

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

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

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

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

(i) Calculation of recoverable amount

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

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

Non-significant receivables are not individually assessed. Instead, impairment testing is performed by placing non-significant receivables in portfolios of similar risk profiles, based on objective evidence from historical experience adjusted for any effects of conditions existing at each reporting date.

The recoverable amount of other assets is the greater of their fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs. A cash-generating unit represents the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or group of assets.

Subject to an operating segment ceiling test, for the purposes of goodwill impairment testing, CGUs to which goodwill has been allocated are aggregated so that the level at which impairment testing is performed reflects the lowest level at which goodwill is monitored for internal reporting purposes. Goodwill acquired in a business combination is allocated to groups of CGUs that are expected to benefit from the synergies of the combination.

(ii) Reversals of impairment

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

An impairment loss in respect of goodwill is not reversed.

(k) Revenue recognition

Revenue is recognised 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) Insurance income

Insurance income is recognised as revenue when the right to receive payment is established.

(l) Income tax

Income tax comprises current and deferred tax. Income tax is recognised in the income statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

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

Deferred tax 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.

(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. 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.

The *Tax Laws Amendment (Taxation of Financial Arrangements) Act 2009* (TOFA legislation) was enacted during the prior year. The TOFA legislation provides a framework for the taxation of financial arrangements, potentially providing closer alignment between tax and accounting requirements. The regime also includes comprehensive tax hedging rules that would allow the tax recognition of gains and losses on many hedging instruments to be matched to the accounting recognition of gains and losses of the underlying hedged items.

TOFA is mandatory for the Group for tax years beginning on or after 1 July 2010. There are specific transitional provisions in relation to the taxation of existing financial arrangements outstanding at the transition date (i.e., there is a choice to bring pre-commencement financial arrangements into the new regime subject to a balancing adjustment being calculated on transition to be returned over the next succeeding four tax years).

The Group has determined it will not bring pre-commencement financial arrangements into the TOFA regime.

(m) Leases

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

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

Other leases are operating leases and are not recognised on the Group's statement of financial position.

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

(n) Cash and cash equivalents

For statement of cash flows presentation purposes, cash and cash equivalents includes cash on hand, short-term deposits with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the statement of financial position.

1. Summary of significant accounting policies (continued)

(o) Trade and other receivables

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

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

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

The Group regularly enters into a receivables purchase agreement which enables it to securitise selected amounts of its receivables portfolio. The securitised receivable balance is de-recognised in the statement of financial position, when it meets the following criteria:

Derecognition of securitised receivables

Securitised receivables are derecognised when:

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

Receivables for insurance recoveries are recognised only when the recoveries are virtually certain of receipt. The receivables are presented gross in the statement of financial position and are not netted off against related payables or otherwise grouped to offset impairment losses of other current assets. The recoveries are recognised in the profit or loss under 'other income'.

(p) Inventories

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

(q) 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.

(r) 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 of sale, are added to the cost of those assets, until such a time as the assets are substantially ready for their intended use or sale.

(s) 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.

(t) Employee benefits

(i) Wages and salaries, annual leave and sick leave

Liabilities for wages and salaries, including non-monetary benefits, annual leave and sick leave expected to be settled within 12 months of the reporting date represent present obligations in respect of employees' services up to the reporting date. They are calculated at undiscounted amounts based on remuneration rates that the Group expects to pay as at the reporting date including related on-costs.

(ii) Long service leave

The liability for long service leave is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date. Consideration is given to expected future wage and salary levels including related on-costs, experience of employee departures, and periods of service. Expected future payments are discounted using Australian Corporate Bond yields.

(iii) Termination benefits

Termination benefits are recognised as an expense when the Group is committed demonstrably, without realistic possibility of withdrawal, to a formal detailed plan to either terminate employment before the normal retirement date, or to provide termination benefits as a result of an offer made to encourage voluntary redundancy. Termination benefits for voluntary redundancies are recognised as an expense if the Group has made an offer of voluntary redundancy, it is probable that the offer will be accepted, and the number of acceptances can be estimated reliably. If benefits are payable more than 12 months after the reporting date, then they are discounted to their present value.

(iv) Defined contribution plans

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

(u) 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.

(v) Contributed equity

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

(w) Earnings per share

(i) Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Group, 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.

(x) Dividends

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

(y) 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.

(z) Goods and services tax (GST)

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

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

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the taxation authority, are presented as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

(aa) Rounding of amounts

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

1. Summary of significant accounting policies (continued)

(ab) 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 2011, but have not been applied in preparing this financial report:

(i) AASB 9 *Financial Instruments* and AASB 2009-11 *Amendments to Australian Accounting Standards arising from AASB 9* and AASB 2010-7 *Amendments to Australian Accounting Standards arising from AASB 9 (December 2010)* (effective from 1 January 2013).

AASB 9 *Financial Instruments* addresses the classification, measurement and derecognition of financial assets and is likely to affect the Group's accounting for its financial assets and financial liabilities. The standard is not applicable until 1 January 2013 but is available for early adoption. This standard is not expected to have a material impact on the Group.

There will be no impact on the Group's accounting for financial liabilities, as the new requirements only affect the accounting for financial liabilities that are designated at fair value through profit or loss and the Group does not have any such liabilities. The derecognition rules have been transferred from AASB 139 *Financial Instruments: Recognition and Measurement* and have not been changed. The Group has not yet decided when to adopt AASB 9.

(ii) AASB 2010-6 *Amendments to Australian Accounting Standards – Disclosures on Transfers of Financial Assets* (effective for annual reporting periods beginning on or after 1 July 2011).

Amendments made to AASB 7 *Financial Instruments: Disclosures* in November 2010 introduce additional disclosures in respect of risk exposures arising from transferred financial assets. The amendments will affect particularly entities that sell, factor, securitise, lend or otherwise transfer financial assets to other parties. They are not expected to have any significant impact on the Group's disclosures. The Group intends to apply the amendment from 1 July 2011.

(ac) Parent entity financial information

The financial information for the parent entity, Goodman Fielder Limited, disclosed in note 43 has been prepared on the same basis as the financial statements, except as set out below.

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

Investments in subsidiaries, associates and jointly controlled entities are accounted for at cost in the financial statements of Goodman Fielder Limited. Dividends received from associates are recognised in the parent entity's profit or loss, rather than being deducted from the carrying amount of these investments.

(ii) Tax consolidation legislation

Goodman Fielder Limited and its wholly owned Australian controlled entities have implemented the tax consolidation legislation.

The head entity, Goodman Fielder Limited, and the controlled entities in the tax consolidated group account for their own current and deferred tax amounts. These tax amounts are measured as if each entity in the tax consolidated group continues to be a standalone taxpayer in its own right.

In addition to its own current and deferred tax amounts, Goodman Fielder Limited also recognises the current tax liabilities (or assets) and the deferred tax assets arising from unused tax losses and unused tax credits assumed from controlled entities in the tax consolidated group.

The entities have also entered into a tax funding agreement under which the wholly owned entities fully compensate Goodman Fielder Limited for any current tax payable assumed and are compensated by Goodman Fielder Limited for any current tax receivable and deferred tax assets relating to unused tax losses or unused tax credits that are transferred to Goodman Fielder Limited under the tax consolidation legislation. The funding amounts are determined by reference to the amounts recognised in the wholly owned entities' financial statements.

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

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

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

(iii) Financial guarantees

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

2. Financial risk management

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

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

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

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

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

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

The Group holds the following financial instruments:

	2011 $m	2010 *$m*
Financial assets		
Cash and cash equivalents	**79.9**	73.3
Trade and other receivables	**249.7**	252.7
Derivative financial instruments	**0.4**	0.1
	330.0	326.1
Financial liabilities		
Trade and other payables	**313.1**	297.9
Borrowings	**963.4**	988.8
Derivative financial instruments	**105.3**	32.9
	1,381.8	1,319.6

(a) Credit risk

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

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

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

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

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

The 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 note10(a).

(b) Liquidity risk

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

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

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

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, as at the reporting date:

2011	**1 year or less** ***$m***	**Between 1 to 5 years** ***$m***	**Over 5 years** ***$m***	**Total contractual cash flows** ***$m***	**Carrying amount liabilities** ***$m***
Trade and other payables	**313.1**	**–**	**–**	**313.1**	**313.1**
Borrowings	**93.9**	**710.7**	**337.5**	**1,142.1**	**963.4**
Commodity derivatives	**21.8**	**–**	**–**	**21.8**	**1.2**
Foreign exchange derivatives					
– (inflow)	**(162.9)**	**–**	**–**	**(162.9)**	**–**
– outflow	**177.5**	**–**	**–**	**177.5**	**7.7**
Cross currency interest rate derivative	**14.3**	**57.3**	**131.5**	**203.1**	**78.3**
Interest rate derivatives	**9.9**	**11.0**	**–**	**20.9**	**17.7**
	467.6	**779.0**	**469.0**	**1,715.6**	**1,381.4**

2010	1 year or less *$m*	Between 1 to 5 years *$m*	Over 5 years *$m*	Total contractual cash flows *$m*	Carrying amount liabilities *$m*
Trade and other payables	297.9	–	–	297.9	297.9
Borrowings	721.3	316.2	–	1,037.5	988.8
Commodity derivatives	18.2	–	–	18.2	0.6
Foreign exchange derivatives					
– (inflow)	(71.7)	(11.6)	–	(83.3)	–
– outflow	78.3	13.3	–	91.6	5.1
Cross currency interest rate derivatives	8.7	43.3	56.3	108.3	1.3
Interest rate derivatives	16.9	24.4	0.5	41.8	25.8
	1,069.6	385.6	56.8	1,512.0	1,319.5

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

In September 2010, Goodman Fielder raised US$300m in the United States traditional private placement debt market. Through the use of cross currency interest rate derivatives US$300m has been swapped into fixed rate Australian dollar debt of $352m. Goodman Fielder recognises the private placement debt carrying amount at amortised cost in USD translated at the period closing exchange rate. The cross currency interest rate derivative instruments have been designated in an effective hedge relationship.

(c) Market risk

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

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

(i) Foreign currency risk

The Group predominantly operates in Australia, New Zealand, Asia and the Pacific Islands. A significant portion of the Group's revenues, expenditures and cash flows are generated, and assets and liabilities are located in New Zealand. The Group also has USD denominated debt, however this has been fully hedged with cross currency interest rate derivatives. Furthermore a significant portion of the Group's commodity purchases are denominated in US dollars. As a result, the Group is exposed to foreign currency risks arising from movements in foreign currency exchange rates.

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

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

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

	2011	2010
Central Pacific Franc (XPF)	**87.8681**	82.9600
Fiji Dollar (FJD)	**1.8649**	1.6639
New Zealand Dollar (NZD)	**1.2909**	1.2254
Papua New Guinea Kina (PGK)	**2.4433**	2.3605
United States Dollar (USD)	**1.0682**	0.8486

The Group's exposure to foreign currency risk at the reporting date was as follows (all amounts are denominated in Australian Dollars):

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

2010	NZD *$m*	USD *$m*	PGK *$m*	FJD *$m*	XPF *$m*	Other[1] *$m*
Cash and cash equivalents	16.2	0.1	20.6	13.3	3.4	6.7
Trade and other receivables	53.0	2.0	10.6	7.3	3.7	15.3
Trade and other payables	(101.8)	(0.3)	(8.8)	(3.3)	(2.1)	(8.6)
Borrowings	(404.8)	–	–	–	(0.3)	–
Cross currency interest rate derivative	–	(169.8)	–	–	–	–
Forward exchange contracts						
– buy foreign currency	0.5	40.8	–	–	–	38.5
– sell foreign currency	(9.8)	(7.6)	(0.8)	(0.3)	(0.9)	–
Net exposure	(446.7)	(134.8)	21.6	17.0	3.8	51.9

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

2. Financial risk management (continued)

(c) Market risk (continued)

(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 the change in the fair value of cash flow or fair value hedges which are deemed ineffective under hedge accounting is reported in the income statement.

(iii) Interest rate risk

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

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

To the extent possible, the Group hedge accounts its interest rate swaps as 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.

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

	30 June 2011 Weighted average interest rate		**30 June 2010 Weighted average interest rate**	
	%	***$m***	*%*	*$m*
Cash and cash equivalents	**1.42**	**79.9**	2.79	73.3
Bank loans	**6.43**	**(0.3)**	6.40	(0.3)
Unsecured borrowing facilities	**5.77**	**(960.6)**	4.70	(986.1)
Lease liabilities	**3.09**	**(2.5)**	3.57	(2.4)
Cross currency interest rate derivative				
– Receive fixed rate	**4.81**	**280.8**	4.81	353.5
– Pay fixed rate	**7.90**	**(352.2)**	7.90	(352.5)
Interest rate swaps (notional principal amounts)				
– Receive floating rate	**3.77**	**432.4**	3.87	1,076.9
– Pay fixed rate	**6.47**	**(450.1)**	6.31	(1,102.8)
		(972.6)		(940.4)

(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	Equity	Profit	Equity	Profit	Equity	Profit	Equity	Profit	Equity	Profit	Equity
2011	*$m*	*$m*	*$m*	*$m*	*$m*	*$m*	*$m*	*$m*	*$m*	*$m*	*$m*	*$m*
Cash and cash equivalents	**–**	**9.1**	**–**	**(7.4)**	**(0.5)**	**–**	**0.5**	**–**	**–**	**–**	**–**	**–**
Trade and other receivables	**0.4**	**10.1**	**(0.3)**	**(8.3)**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Derivative financial instruments[5]	**–**	**6.1**	**–**	**(5.0)**	**–**	**(8.5)**	**–**	**8.2**	**–**	**(2.1)**	**–**	**2.1**
Trade and other payables	**–**	**(15.4)**	**–**	**12.6**	**0.1**	**–**	**(0.1)**	**–**	**–**	**–**	**–**	**–**
Borrowings[4] [5]	**–**	**(47.4)**	**–**	**38.8**	**1.6**	**–**	**(1.6)**	**–**	**–**	**–**	**–**	**–**
Total increase/ (decrease)	**0.4**	**(37.5)**	**(0.3)**	**30.7**	**1.2**	**(8.5)**	**(1.2)**	**8.2**	**–**	**(2.1)**	**–**	**2.1**

	Foreign currency risk[1]				Interest rate risk[2]				Commodity price risk[3]			
	–10%		+10%		–100bps		+100bps		–10%		+10%	
	Profit	Equity	Profit	Equity	Profit	Equity	Profit	Equity	Profit	Equity	Profit	Equity
2010	*$m*	*$m*	*$m*	*$m*	*$m*	*$m*	*$m*	*$m*	*$m*	*$m*	*$m*	*$m*
Cash and cash equivalents	–	6.7	–	(5.5)	(0.5)	–	0.5	–	–	–	–	–
Trade and other receivables	0.5	10.2	(0.5)	(8.4)	–	–	–	–	–	–	–	–
Derivative financial instruments	–	3.0	–	(2.4)	–	(16.1)	–	15.5	–	(1.7)	–	1.7
Trade and other payables	–	(13.9)	–	11.3	0.8	–	(0.8)	–	–	–	–	–
Borrowings[4]	–	(45.0)	–	36.8	2.6	–	(2.6)	–	–	–	–	–
Total increase/ (decrease)	0.5	(39.0)	(0.5)	31.8	2.9	(16.1)	(2.9)	15.5	–	(1.7)	–	1.7

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

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

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

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

(5) The foreign exchange sensitivity on borrowings includes the impact of cross currency interest rate derivatives.

(d) Capital management

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

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

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

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

During the year, Goodman Fielder Limited did not issue any new ordinary shares pursuant to its dividend reinvestment plan (2010: $40.5m). Further details are set out in note 28.

2. Financial risk management (continued)

(e) Fair value measurements

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

Goodman Fielder Limited has adopted the amendment to *AASB 7 Financial Instruments: Disclosures* which requires disclosure of fair value measurements by level of the following fair value measurement hierarchy:

(a) Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities

(b) Level 2: inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices), and

(c) Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The following table presents the Group's assets and liabilities measured and recognised at fair value at reporting date.

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

2010	Level 1 *$m*	Level 2 *$m*	Level 3 *$m*	Total *$m*
Assets				
Derivative financial instruments	–	0.1	–	0.1
Total assets	–	0.1	–	0.1
Liabilities				
Derivative financial instruments	–	32.9	–	32.9
Total liabilities	–	32.9	–	32.9

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 18.

(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. There were no business combinations in the year ended 30 June 2011.

(iii) Utilisation of tax losses/credits

The Group is subject to income taxes in Australia and jurisdictions where it has foreign operations. Significant judgement is required in determining the worldwide income tax provision and receivable. The Group has recognised an income tax receivable relating to carried forward tax losses, foreign investor tax credits and tax prepayment in prior years to the extent there are sufficient taxable temporary differences relating to the same taxation authority and the same subsidiary against which the unused tax losses can be utilised. Utilisation of tax losses also depends on the ability of the entity to satisfy certain tests at the time the losses are recouped. Both the total carry forward tax receivable that is subject to the shareholder continuity test and the revenue tax losses recognised as deferred tax assets are expected to be utilised in 2 years.

(iv) Financial instruments

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

(v) Earthquakes

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

The Directors believe that they are adequately insured to cover any losses arising from loss of business, business interruption, damage to buildings and other assets. An initial claim has been lodged with the insurance company and proceeds have been received totalling $8.6m to date to cover the majority of the losses to 30 June 2011. The company has recognised a further $3.5m as at 30 June 2011, which it expects to receive from the insurers once the claims are settled.

4. Segment information

(a) Description of segments

Operating segments

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

The Fresh Dairy division is a major participant in the New Zealand dairy and smallgoods industries with some of the country's most recognised brands in fresh and flavoured milk, yogurt, dairy desserts, specialty cheese, cultured products and meats. The business distributes fresh dairy products to almost 13,000 customer points every day.

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

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

In November 2010, the Commercial Division changed its name to Integro Foods. This division is a leading Trans Tasman processor of edible oils. The business supplies edible oils to the Australian and New Zealand food industries and specialises in the development and production of complex, higher value oil blends. The business has four manufacturing plants and, as well as supplying in bulk, the business also supplies packed products under a number of leading brands.

4. Segment information (continued)

(b) Operating segments

2011	Fresh Baking $m	Fresh Dairy $m	Home Ingredients $m	Asia Pacific $m	Integro Foods $m	Total $m
Segment revenue						
Sales to external customers	1,023.3	422.5	477.6	299.2	333.6	2,556.2
Intersegment sales	70.9	14.0	27.2	6.1	141.0	259.2
Total segment revenue	**1,094.2**	**436.5**	**504.8**	**305.3**	**474.6**	**2,815.4**
Intersegment elimination						(259.2)
Other income						13.9
Total revenue						**2,570.1**
Segment result						
EBITDA before restructuring costs	131.1	51.7	96.2	58.5	40.5	378.0
Depreciation, amortisation and impairment expense	(29.0)	(12.2)	(16.5)	(3.4)	(8.2)	(69.3)
EBIT before restructuring costs	102.1	39.5	79.7	55.1	32.3	308.7
Restructure costs	(0.6)	(0.6)	(0.2)	–	(0.2)	(1.6)
Impairment charge	(300.0)	–	–	–	–	(300.0)
Segment EBIT	**(198.5)**	**38.9**	**79.5**	**55.1**	**32.1**	**7.1**
Net unallocated depreciation and amortisation expense						(0.8)
Net unallocated restructure costs						(1.2)
Net unallocated expenses						(18.5)
Net interest expense						(101.4)
Loss before income tax						**(114.8)**
Income tax expense						(46.5)
Loss for the year						**(161.3)**
Segment assets and liabilities						
Segment assets	**1,174.1**	**589.5**	**442.9**	**268.2**	**216.6**	**2,691.3**
Intersegment elimination						(33.9)
Unallocated assets						125.7
Total assets						**2,783.1**
Segment liabilities	**137.0**	**77.0**	**68.5**	**39.8**	**64.5**	**386.8**
Intersegment elimination						(35.7)
Unallocated liabilities						1,131.7
Total liabilities						**1,482.8**
Capital expenditure	45.9	9.9	10.3	6.5	6.2	78.8
Unallocated						26.0
Total						**104.8**

2010	Fresh Baking[1] $m	Fresh Dairy $m	Home Ingredients[2] $m	Asia Pacific $m	Integro Foods [1][2][3] $m	Total $m
Segment revenue						
Sales to external customers	1,065.9	441.1	496.8	305.6	350.7	2,660.1
Intersegment sales	105.4	13.4	4.5	4.8	48.9	177.0
Total segment revenue	**1,171.3**	**454.5**	**501.3**	**310.4**	**399.6**	**2,837.1**
Intersegment elimination						(177.0)
Other income						4.7
Total revenue						**2,664.8**
Segment result						
EBITDA before asset sales and restructuring costs	167.8	60.8	99.3	58.2	31.4	417.5
Depreciation and amortisation expense	(24.7)	(12.1)	(11.5)	(3.4)	(9.0)	(60.7)
EBIT before asset sales and restructuring costs and transaction costs	143.1	48.7	87.8	54.8	22.4	356.8
Asset sales – gain/(loss)	2.2	–	(2.9)	–	–	(0.7)
Restructure costs	(5.2)	(0.5)	–	(0.4)	(2.4)	(8.5)
Transaction costs	–	–	–	–	(1.1)	(1.1)
Segment EBIT	**140.1**	**48.2**	**84.9**	**54.4**	**18.9**	**346.5**
Net unallocated depreciation and amortisation expense						(0.6)
Net unallocated transaction costs						(4.0)
Net unallocated expense						(17.9)
Net interest expense						(86.5)
Profit before income tax						**237.5**
Income tax expense						(71.7)
Profit for the year						**165.8**
Segment assets and liabilities						
Segment assets	**1,468.9**	**593.4**	**464.7**	**274.6**	**198.0**	**2,999.6**
Intersegment elimination						(49.5)
Unallocated assets						131.9
Total assets						**3,082.0**
Segment liabilities	**132.7**	**78.1**	**71.9**	**37.0**	**61.0**	**380.7**
Intersegment elimination						(49.7)
Unallocated liabilities						1,083.0
Total liabilities						**1,414.0**
Capital expenditure	30.6	15.3	31.0	3.6	7.9	88.4
Unallocated						23.0
Total						**111.4**

(1) Goodman Fielder has aligned its segments to reflect changes in its structure and management reporting to the CEO and Board since 30 June 2010. The New Zealand Miling business, previously included in the Integro Foods segment, now forms part of the Baking segment.

(2) The $2.9m loss on sale of the Top Hat business which was allocated to the Integro Foods segment at 30 June 2010 has been reclassified to the Home Ingredients segment and the comparatives adjusted to reflect this. This adjustment has been made to align the loss on disposal with the allocation of Top Hat prior period profits to the Home Ingredients business.

(3) Prior to 30 June 2010 the Integro Foods segment recognised intersegment sales for products it produced on behalf of Home Ingredients. Production of these products has since transferred to the Home Ingredients segment, and the prior year comparatives have been restated to reflect this.

4. Segment information (continued)

(c) Geographical segments

	Segment revenues from sales to external customers		Non-current assets		Capital expenditure	
	2011	2010	**2011**	2010	**2011**	2010
	$m	*$m*	***$m***	*$m*	***$m***	*$m*
Australia	**1,430.5**	1,472.1	**877.0**	1,102.1	**68.1**	79.2
New Zealand	**826.5**	882.4	**1,155.7**	1,257.4	**30.7**	29.1
Asia Pacific	**299.2**	305.6	**155.1**	158.4	**6.0**	3.1
	2,556.2	2,660.1	**2,187.8**	2,517.9	**104.8**	111.4
Unallocated assets			**60.0**	54.7		
Total assets			**2,247.8**	2,572.6		

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

(d) Other segment information

During 2011, 37.3% of the Group's revenues depended on two customers in the Baking, Dairy and Home Ingredients segments (2010: 32.3%).

5. Other income

	2011 ***$m***	2010 *$m*
Insurance recoveries relating to Christchurch earthquakes	**12.1**	–
Net gain on disposal of property, plant and equipment	**–**	2.1
Net realised foreign exchange gains	**–**	1.0
Other income	**1.8**	1.6
	13.9	4.7

6. Expenses

	2011 $m	2010 $m
Profit before income tax includes the following specific expenses:		
Depreciation		
Freehold properties	**3.6**	3.5
Leasehold properties	**3.3**	3.1
Plant and equipment	**59.4**	52.6
Leased plant and equipment	**1.3**	1.2
Total depreciation	**67.6**	60.4
Amortisation and impairment		
Amortisation of brand names and licences	**1.0**	0.9
Amortisation of IT development and software	**0.7**	–
Impairment of property, plant and equipment	**0.8**	–
Impairment charge – Fresh Baking	**300.0**	–
Total amortisation and impairment	**302.5**	0.9
Finance costs		
Interest and finance charges	**102.8**	88.9
Interest income	**(1.4)**	(2.4)
Finance costs expensed	**101.4**	86.5
Net loss on disposal of plant, property and equipment	**1.0**	–
Net realised foreign exchange losses	**1.9**	–
Rental expense relating to operating leases	**35.9**	33.8
Research and development administration costs	**10.4**	10.3
Restructure costs	**2.8**	8.5
Employee benefits expense		
Wages and salaries	**420.1**	427.7
Annual leave	**12.8**	12.6
Defined contribution superannuation expense	**12.8**	12.5
Long service leave	**2.4**	2.5
Medical insurance	**1.7**	2.2
Share-based payments (credit)/expense	**(1.2)**	1.7
Termination benefits	**6.3**	9.4
Workers' compensation costs	**9.5**	9.4
	464.4	478.0

7. Income tax expense

	2011 ***$m***	2010 *$m*
(a) Income tax expense		
Current tax	**43.5**	49.7
Deferred tax	**3.5**	24.5
Adjustments for over provision of current tax relating to prior periods	**(0.5)**	(2.5)
	46.5	71.7

(b) Reconciliation of income tax expense to prima facie tax payable

(Loss)/profit before income tax expense	**(114.8)**	237.5
Tax at the Australian tax rate of 30% (2010: 30%)	**(34.4)**	71.3
Tax effect of amounts which are not deductible/(assessable) in calculating taxable income:		
New Zealand tax law changes – deferred tax asset writeoff	**(0.8)**	12.1
Non-assessable income	**(10.4)**	(9.8)
Non-deductible expenses	**8.6**	6.2
Non-deductible impairment charge	**90.0**	–
Research and development deductions	**(3.0)**	(3.0)
Other	**(3.1)**	(1.5)
Tax losses	**–**	(1.0)
	46.9	74.3
Effect of tax rate in foreign jurisdictions	**0.1**	(0.1)
Adjustments for over provision of current tax relating to prior periods	**(0.5)**	(2.5)
Total income tax expense	**46.5**	71.7

(c) Amounts recognised directly in equity

Aggregate current and deferred tax arising in the reporting period and not recognised in net profit but directly debited or credited to equity		
Cash flow hedge derivatives	**1.7**	2.0
Foreign currency translation	**(10.9)**	3.4
Other	**–**	1.0
	(9.2)	6.4

(d) Tax income relating to items of other comprehensive income

Income tax recognised in hedging reserve		
Changes in fair value of cash flow hedges	**(0.7)**	(2.2)
	(0.7)	(2.2)

8. Net tangible asset backing

	2011 ***cents per share***	2010 *cents per share*
Net tangible asset backing per ordinary share	**(19.6)**	(17.2)

9. Current assets – Cash and cash equivalents

	2011 ***$m***	2010 *$m*
Cash at bank and on hand	**79.9**	73.3

(a) Cash at bank

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

(b) Right of set-off

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

- Goodman Fielder Consumer Foods Pty Limited;
- Quality Bakers Australia Pty Limited;
- Goodman Fielder Treasury Pty Limited; and
- GF Services Company Pty Limited.
- The following entities are party to a set-off deed with the Westpac Banking Corporation in New Zealand:
- Goodman Fielder Treasury New Zealand Limited;
- Goodman Fielder New Zealand Limited; and
- Goodman Fielder Treasury Pty Limited.

(c) Bank overdrafts

The Group has access to four committed overdraft facilities to a value of A$19.6m (2010: A$20.3m), covering its banking operations in Australia, New Zealand, Fiji and New Caledonia. These overdraft facilities were not utilised at 30 June 2011 (2010: unutilised).

10. Current assets – Trade and other receivables

	2011 ***$m***	2010 *$m*
Trade receivables	**219.7**	218.3
Allowance for doubtful debts	**(4.3)**	(3.6)
Insurance recoveries receivable	**3.5**	–
Other receivables	**27.2**	32.7
	246.1	247.4

10. Current assets – Trade and other receivables (continued)

(a) Credit risk

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

	Gross 2011 $m	**Allowance for doubtful debts 2011 $m**	Gross 2010 $m	Allowance for doubtful debts 2010 $m
Not past due	**156.5**	**–**	126.0	–
Past due 1–30 days	**43.4**	**–**	43.5	–
Past due 31–60 days	**11.6**	**–**	32.6	–
Past due 61–90 days	**3.4**	**–**	8.8	–
Past due over 90 days	**4.8**	**4.3**	7.4	3.6
	219.7	**4.3**	218.3	3.6

Movements in the allowance for doubtful debts are as follows:

	2011 $m	2010 $m
Opening balance	**3.6**	3.1
Provision for doubtful debts recognised in the income statement during the year	**2.3**	1.4
Receivables written off during the year as uncollectable	**(1.6)**	(0.9)
	4.3	3.6

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

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

	2011 $m	2010 $m
Australia	**128.4**	135.4
New Zealand	**65.0**	58.0
Asia Pacific	**26.3**	24.9
	219.7	218.3

(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$62.0m (2010: A$35.0m) and NZ$44.0m (2010: NZ$46.0m). At 30 June 2011, A$62.0 (2010: A$34.7m) and NZ$38.9 (2010: NZ$38.6m) of receivables have been securitised and are not included in the balance sheet. In accordance with accounting policy note 1(o) the securitised receivables have been derecognised 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

	2011 *$m*	2010 *$m*
Raw materials	**84.9**	76.3
Work in progress	**17.9**	10.5
Finished goods	**93.4**	79.3
	196.2	166.1

(a) Inventory expense

Writedowns of inventories to net realisable value recognised as an expense during the year ended 30 June 2011 amounted to $11.8m (2010: $9.5m) for the Group. The expense has been included in 'cost of sales' in the income statement. Of the $11.8m write down of inventories, $3.6m was due to damage caused by the Christchurch earthquakes, of which $3.6m was recovered through Goodman Fielder's insurance policies and included within other income.

12. Derivative financial instruments

	2011 *$m*	2010 *$m*
Current assets		
Commodity price derivatives	**0.4**	0.1
Total current derivative financial instrument assets	**0.4**	0.1
Current liabilities		
Commodity price derivatives	**1.6**	0.7
Cross currency interest rate derivatives	**4.0**	–
Foreign exchange derivatives	**7.7**	3.4
Interest rate derivatives	**9.9**	14.9
Total current derivative financial instrument liabilities	**23.2**	19.0
Non-current liabilities		
Cross currency interest rate derivatives	**74.3**	–
Foreign exchange derivatives	**–**	1.7
Interest rate derivatives	**7.8**	12.2
Total non-current derivative financial instrument liabilities	**82.1**	13.9
	105.3	32.9

13. Current assets – Other current assets

	2011 ***$m***	2010 *$m*
Prepayments	**3.8**	6.5

14. Non-current assets – Receivables

	2011 ***$m***	2010 *$m*
Receivables from jointly controlled entities	**3.6**	5.3

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

	2011 ***$m***	2010 *$m*
Investment in jointly controlled entity (see note 38)	**2.8**	1.8

(a) Investment in jointly controlled entity

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

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

	Freehold properties $m	Leasehold properties $m	Plant and equipment $m	Leased plant and equipment $m	Total $m
At 1 July 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
Year ended 30 June 2010					
Opening net book amount	133.2	22.3	334.8	2.4	492.7
Additions[1]	4.9	10.9	93.9	1.7	111.4
Disposals	(2.2)	(0.1)	(2.1)	–	(4.4)
Transfers from assets held for sale	25.1	0.2	43.3	–	68.6
Intra-group transfer	0.8	0.3	(1.4)	–	(0.3)
Reclassify to IT development and software intangible asset	–	–	(4.5)	–	(4.5)
Disposal of business	–	–	(2.5)	–	(2.5)
Depreciation charge	(3.5)	(3.1)	(52.6)	(1.2)	(60.4)
Effects of movements in foreign exchange rates	1.0	(0.3)	1.2	–	1.9
Closing net book amount	159.3	30.2	410.1	2.9	602.5
At 30 June 2010					
Cost	193.6	40.6	651.5	4.9	890.6
Accumulated depreciation	(34.3)	(10.4)	(241.4)	(2.0)	(288.1)
Net book amount	159.3	30.2	410.1	2.9	602.5
Year ended 30 June 2011					
Opening net book amount	**159.3**	**30.2**	**410.1**	**2.9**	**602.5**
Additions [1]	**2.6**	**6.7**	**94.3**	**1.2**	**104.8**
Disposals	**–**	**–**	**(1.6)**	**–**	**(1.6)**
Intra-group transfers	**4.4**	**(3.3)**	**(1.1)**	**–**	**–**
Impairment[2]	**(0.4)**	**–**	**(0.4)**	**–**	**(0.8)**
Reclassify to IT development and software intangible asset	**–**	**–**	**(18.2)**	**–**	**(18.2)**
Depreciation charge	**(3.6)**	**(3.3)**	**(59.4)**	**(1.3)**	**(67.6)**
Effects of movements in foreign exchange rates	**(3.6)**	**(1.2)**	**(6.0)**	**–**	**(10.8)**
Closing net book amount	**158.7**	**29.1**	**417.7**	**2.8**	**608.3**
At 30 June 2011					
Cost	**197.4**	**41.3**	**712.7**	**5.4**	**956.8**
Accumulated depreciation	**(38.7)**	**(12.2)**	**(295.0)**	**(2.6)**	**(348.5)**
Net book amount	**158.7**	**29.1**	**417.7**	**2.8**	**608.3**

(1) Borrowing costs of $0.9m (2010: $1.6m) were capitalised during the year with a capitalisation rate of 5.92% (2010: 5.14%).
(2) Estimated asset impairment resulting from the Christchurch earthquakes.

17. Non-current assets – Deferred tax assets

	2011 *$m*	2010 *$m*
Recognised deferred tax assets		
Deferred tax assets are attributable to the following:		
Property, plant and equipment	**–**	1.8
Interest bearing loans and borrowings	**–**	0.1
Employee benefits	**15.6**	15.6
Provisions	**6.1**	5.9
Consumable stores	**0.4**	0.5
Foreign currency recognised in equity	**24.3**	17.4
Cash flow hedges recognised in equity	**9.8**	7.6
Tax value of carry-forward tax losses recognised	**1.6**	2.5
Other items	**2.2**	3.3
Net deferred tax assets	**60.0**	54.7
Unrecognised deferred tax assets		
Deductible temporary differences	**51.0**	50.6

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

18. Non-current assets – Intangible assets

	Goodwill $m	Brand names and licences $m	IT development and software $m	Total $m
At 1 July 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
Year ended 30 June 2010				
Opening net book amount	1,492.9	373.3	–	1,866.2
Transfers from assets held for sale	26.9	–	–	26.9
Additions internal development	–	–	4.5	4.5
Amortisation charge	–	(0.9)	–	(0.9)
Effect of movements in foreign exchange rates	7.8	1.6	–	9.4
Closing net book amount	1,527.6	374.0	4.5	1,906.1
At 30 June 2010				
Gross carrying amount	1,697.6	387.2	4.5	2,089.3
Accumulated amortisation and impairment	(170.0)	(13.2)	–	(183.2)
Net book amount	1,527.6	374.0	4.5	1,906.1
Year ended 30 June 2011				
Opening net book amount	**1,527.6**	**374.0**	**4.5**	**1,906.1**
Additions	**10.2**	**–**	**–**	**10.2**
Acquisitions	**0.3**	**–**	**–**	**0.3**
Additions – internal development	**–**	**–**	**18.2**	**18.2**
Amortisation charge	**–**	**(1.0)**	**(0.7)**	**(1.7)**
Impairment charge [1]	**(300.0)**	**–**	**–**	**(300.0)**
Effect of movements in foreign exchange rates	**(50.8)**	**(11.1)**	**–**	**(61.9)**
Closing net book amount	**1,187.3**	**361.9**	**22.0**	**1,571.2**
At 30 June 2011				
Gross carrying amount	**1,657.3**	**376.1**	**22.7**	**2,056.1**
Accumulated amortisation and impairment	**(470.0)**	**(14.2)**	**(0.7)**	**(484.9)**
Net book amount	**1,187.3**	**361.9**	**22.0**	**1,571.2**

(1) As a result of the weak trading in the Baking Division in Australia and New Zealand, the directors of Goodman Fielder have approved a non-cash goodwill impairment charge of $300.0m.

18. Non-current assets – Intangible assets (continued)

(a) Business acquisition

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

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

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

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

2010	Goodwill *$m*	Brand names and licences *$m*	IT development and software *$m*	Total *$m*
Fresh Baking Australia	508.0	123.4	–	631.4
Fresh Baking New Zealand	330.6	68.7	–	399.3
Milling New Zealand	44.5	8.0	–	52.5
Fresh Dairy New Zealand	347.8	101.1	–	448.9
Home Ingredients Australia	31.8	33.1	–	64.9
Home Ingredients New Zealand	152.6	12.5	–	165.1
Asia Pacific	102.0	26.3	–	128.3
Integro Foods Australia	–	0.9	–	0.9
Integro Foods New Zealand	10.3	–	–	10.3
Corporate	–	–	4.5	4.5
	1,527.6	374.0	4.5	1,906.1

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

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 carrying value of the Anchor brand within the Fresh Dairy New Zealand CGU, was $0.6m (2010: $0.8m). The licence of the Anchor brand name has been assessed to have a finite life of 10 years from the agreement date.

(c) Impairment test for CGU's 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 CGU's was based on value-in-use calculations. These calculations utilised cash flow projections for three years based on the FY2012 budget and a detailed three year plan which has been risk adjusted, reviewed and approved by the Board with an appropriate terminal value.

On this basis, the Group determined that the recoverable amount of each CGU, with the exception of Baking Australia and Baking New Zealand, exceeds its carrying value, and no impairment charge was required in this financial year (2010: $nil).

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

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

The above impairment charge is particularly sensitive to the following assumptions:

- Growth rates: A 0.5% reduction in the growth rate would have increased the Baking Australia and Baking New Zealand impairment loss by $36.7m and $23.3m respectively.
- Discount rates: A 0.5% increase in the discount rate would have increased the Baking Australia and Baking New Zealand impairment loss by $44.7m and $28.9m respectively.
- Forecast cash flows: A 5% decrease in the forecast cash flows would have increased the Baking Australia and Baking New Zealand impairment by $55.4m and $30.1m respectively.

The Australian Government announced the "Securing a Clean Energy Future – the Australian Government's Climate Change Plan" on 10 July 2011. Whilst the announcement provides further details of the framework for a carbon pricing mechanism, uncertainties continue to exist on the impact of any carbon pricing mechanism on the Group as legislation has yet to be drafted, and must be voted on and passed by both houses of Parliament.

The introduction of a carbon pricing mechanism has the potential to impact the assumptions used for the purpose of the value-in-use calculations in asset impairment testing. The Group has not incorporated the potential impact of any carbon price mechanism in its impairment testing at 30 June 2011.

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

The growth rate used to extrapolate cash flows beyond the FY2012 budget period and three year forecast for Australian and Asia Pacific CGU's is 3.0% (2010: 3.0%) and New Zealand is 2.5% (2010: 3.0%). The growth rate does not exceed the long term growth rate for any of the CGU's, and is consistent with forecasts included in industry reports.

In performing the value-in-use calculations for each CGU, the Group has applied post-tax discount rates of 9.0% for Australian and New Zealand CGU's and 14.6% for Asia Pacific (2010: 9.0% and 14.6%, respectively) to discount the forecast future attributable post-tax cash flows. The imputed pre-tax discount rate for FY2012 for each Australia and New Zealand CGU is 10.1%, and 19.9% for Asia Pacific (2010: 11.2% to 19.6%, respectively).

The cash flows for FY2012 to FY2014 are based on the FY2012 board approved budgeted EBITDA and a detailed three year risk adjusted plan. Due to the commercial sensitivity of information, the values attributed to these forecasts have not been disclosed.

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

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

	2011 ***$m***	2010 *$m*
Deferred expenditure	**1.1**	1.1
Other non-current assets	**0.8**	1.1
	1.9	2.2

20. Superannuation plans

The Group makes contributions to two superannuation funds that provide benefits to employees upon retirement.

Details of two plans sponsored by the Group as at 30 June 2011 are set out below:

Australia

Fund – Goodman Fielder Superannuation Fund
Benefit Type – Defined Contribution and Defined Benefit
Date of last actuarial valuation – 11 July 2011

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 surplus (2010: deficit) of the defined benefit portion of the plan at 30 June 2011 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 – 13 July 2011

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 (2010: deficit) of the defined benefit portion of the plan at 30 June 2011 was not material to either the financial performance or the financial position of the Group.

21. Current liabilities – Trade and other payables

	2011 ***$m***	2010 *$m*
Trade payables	**282.3**	255.7
Accrued interest	**10.4**	9.1
Other payables	**20.4**	33.1
	313.1	297.9

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

22. Current liabilities – Borrowings

	2011 ***$m***	2010 *$m*
Secured		
Lease liabilities (note 34)	**0.7**	0.9
Unsecured		
Bank facility	**50.4**	690.8
	51.1	691.7

(a) Risk exposures

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

(b) Fair value

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

(c) Unsecured bank facility

At 30 June 2011, the Group had $50.0m drawn under an unsecured A$50m bilateral bank debt facility maturing March 2012.

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

23. Current liabilities – Other financial liabilities

(a) Debt facility guarantee

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

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

In determining the fair value of the guarantee in respect of these entities Goodman Fielder Limited has given consideration to the following:

- the probability of default or the entities being wound up while the guarantee is still in place;
- the existence of sufficient assets in the entities to meet their debt repayment obligations; and
- the likely timing of the potential winding up of these entities.

The fair value of the debt facility guarantee was considered to be immaterial to Goodman Fielder Limited at its inception and at the time of any subsequent amendments, considered to represent the creation of a new deed, and 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(y).

The fair value of the Deed of Cross Guarantee was considered to be immaterial to Goodman Fielder Limited at its inception and at the time of any subsequent amendments, considered to represent the creation of a new deed, and therefore no liability has been recognised in the financial statements.

24. Current liabilities – Provisions

	2011 ***$m***	2010 *$m*
Employee benefits	**46.2**	46.0
Workers' compensation	**2.2**	1.6
Business closure and rationalisation	**–**	1.4
Other provisions	**1.5**	1.9
	49.9	50.9

(a) Workers' compensation

Self-insurance

Goodman Fielder is a licensed self-insurer under the Victorian Accident Compensation Act. Goodman Fielder obtained the licence on 23 December 2005. Provisions have been made in respect of all assessed workers' compensation liabilities incurred and both reported and not reported, for the period of self-insurance relevant to the Group, based on an independent actuarial assessment.

Bank guarantee

Of an available facility of $4.5m 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

In the prior year, 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.

(c) Other

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

(d) Movements in provisions

Movements in each class of provision during the financial year, other than employee benefits, are set out in note 27(c).

25. Non-current liabilities – Borrowings

	2011 ***$m***	2010 *$m*
Secured		
Lease liabilities (note 34)	**1.8**	1.5
Unsecured		
Bank facility	**436.0**	295.6
US bond issue	**280.8**	–
NZ bond issue	**193.7**	–
	912.3	297.1

(a) Other bank loans

In addition to the detailed facilities there are a number of debt facilities, to a value of A$11.2m (2010: A$19.4m), 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 controlled entities in favour of the security trustee, or have the benefit of guarantees and/or securities at the Group level, or are unsecured.

(b) Other debt facilities

The Group has access to overnight borrowings facilities to a total of A$28.9m (2010: A$29.1m). These facilities are uncommitted and provided at call. These facilities were not utilised at 30 June 2011 (2010: unutilised). The Group also has a securitisation facility, details of which are set out in note 10(b).

(c) Debt capacity

At 30 June 2011, the Group has $188.0m (2010: $404.6m) of undrawn committed funding capacity available (excluding cash at bank). Of this total, $4.8m (2010: $14.7m) matures in less than 12 months and $183.2m (2010: $389.9m) 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 Goodman Fielder Limited. Fees are variable.

(e) Unsecured borrowing facilities

There are five committed unsecured borrowing facilities available to the Group at 30 June 2011. Syndicated facilities are denominated in Australian dollars, however can be drawn down in the New Zealand dollar equivalent. The US bond issue and NZ bond issue are denominated in each local currency and are translated to Australian dollars at the respective year end rate. Drawn amounts and maturities are as follows:

	Total available 2011 *$m*	**Amount utilised 2011 *$m***
Current		
Bilateral Loan Facility entered in March 2009 – available until March 2012	**50.0**	**50.0**
Pacific loan facilities	**5.2**	**0.4**
Non-current		
Syndicated Loan Facility entered in October 2009 – available until October 2012	**500.0**	**317.4**
Syndicated Loan Facility entered in April 2008 – available until July 2013	**130.0**	**130.0**
US Bond issue entered in September 2010 – available until September 2020	**280.8**	**280.8**
NZ Bond issue entered in October 2010 – available until May 2016	**193.7**	**193.7**
Pacific loan facilities	**0.6**	**–**
	1,160.3	**972.3**

The borrowing facilities in notes 22 and 25 are shown net of $11.4m (2010: $8.5m) facility establishment costs.

The facilities provided to the Group by its principal lenders are unsecured but subject to certain semi-annual financial covenants, which are contained within the Group's banking agreements. The Group complied with these covenants during the year ended 30 June 2011.

26. Non-current liabilities – Deferred tax liabilities

	2011 *$m*	2010 *$m*
Deferred tax liabilities are attributable to the following:		
Property, plant and equipment	**10.2**	8.1
Intangible assets	**1.6**	2.1
Land and buildings	**5.1**	5.4
Consumable stores	**0.9**	0.9
Interest bearing loans and borrowings	**0.1**	–
	17.9	16.5

27. Non-current liabilities – Provisions

	2011 *$m*	2010 *$m*
Employee benefits	**3.6**	3.8
Workers' compensation	**3.1**	2.7
Other provisions	**8.9**	7.4
	15.6	13.9

(a) Workers' compensation

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

(b) Other

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

(c) Movements in provisions

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

2011	**Workers compensation** *$m*	**Business closure and rationalisation** *$m*	**Other** *$m*	**Total** *$m*
Current and non-current				
Carrying amount at start of year	**4.3**	**1.4**	**9.3**	**15.0**
Additional provisions recognised	**3.2**	**0.8**	**2.0**	**6.0**
Amounts used during the period	**(2.2)**	**(2.2)**	**(0.9)**	**(5.3)**
Carrying amount at end of year	**5.3**	**–**	**10.4**	**15.7**

28. Contributed equity

	2011 Number of Shares *'000*	2010 Number of Shares *'000*	**2011** *$m*	2010 *$m*
Other contributed equity				
Other contributed equity	**1,380,386**	1,380,386	**1,807.3**	1,807.3
Share capital				
Share capital			**4.9**	4.9
Total contributed equity			**1,812.2**	1,812.2

(a) Ordinary shares

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

(b) Share capital

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

(c) Other contributed equity

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

(d) Dividend reinvestment plan

For the benefit of shareholders, the Directors have approved the continuation of the Dividend Reinvestment Plan (DRP) for the 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 were allocated under the plan at no discount to the market price for the October 2010 final dividend and at no discount for the April 2011 interim dividend (2% discount for the October 2009 final dividend, and at no discount for the April 2010 interim dividend).

29. Reserves and retained earnings

(a) Reserves

	2011 ***$m***	2010 *$m*
Hedging reserve	**(23.8)**	(24.0)
Share-based payments reserve	**0.5**	1.7
Foreign currency translation reserve	**(236.2)**	(185.9)
	(259.5)	(208.2)
Movements:		
Hedging reserve		
Balance at 1 July	**(24.0)**	(29.2)
Effective changes in fair value of interest rate derivatives, net of tax	**5.7**	(13.4)
Effective changes in fair value of foreign currency derivatives, net of tax	**(3.9)**	(6.7)
Effective changes in fair value of commodity price derivatives, net of tax	**(1.8)**	1.3
Effective changes in fair value of cross currency interest rate derivatives, net of tax	**(2.0)**	(1.3)
Transfer to income statement, net of tax	**0.2**	17.5
Transfer to inventory and other assets, net of tax	**2.0**	7.8
Balance 30 June	**(23.8)**	(24.0)
Share-based payments reserve		
Balance 1 July	**1.7**	–
Share-based payment recognised in income statement, net of tax	**(1.2)**	1.7
Balance 30 June	**0.5**	1.7
Foreign currency translation reserve		
Balance at 1 July	**(185.9)**	(182.2)
Total recognised expense	**(50.3)**	(3.7)
Balance 30 June	**(236.2)**	(185.9)

29. Reserves and retained earnings (continued)

(a) Reserves (continued)

Nature and Purpose of Reserves

Hedging reserve

The hedging reserve comprises the effective portion of the cumulative net change in the fair value of derivatives designated as cash flow hedges that relate to hedged transactions that have not yet occurred, as described in note 1(e).

Share-based payments reserve

The share- based payments reserve is used to recognise:

- the fair value of options issued to employees but not exercised;
- the fair value of shares issued to employees; and
- the issue of shares held by the Goodman Fielder Employee Share Plans Trust to employees.

Foreign currency translation reserve

The foreign currency translation reserve comprises exchange differences arising from the translation of the financial statements of foreign subsidiaries where their functional currency is different to the presentation currency of the reporting entity, as described in note 1(d)(iii).

(b) Retained earnings

	2011 ***$m***	2010 *$m*
Movements in retained earnings were as follows:		
Opening balance	**54.8**	47.5
Net (loss)/profit for the year	**(166.7)**	161.1
Dividends paid to shareholders	**(148.4)**	(153.8)
Closing Balance	**(260.3)**	54.8

In June 2011, a detailed review of the Group's hedging reserve discovered that a $2.6 million error had occurred in a prior period in calculating the tax effect of the reserve. The error has been corrected by adjusting the opening balances as at 1 July 2009, being the earliest prior period presented. The financial statement line items restated are set out below:

	30 June 2010 ***$m***	**Increase/ (decrease)** ***$m***	**30 June 2010 (Restated)** ***$m***	**30 June 2009** ***$m***	**Increase/ (decrease)** ***$m***	**1 July 2009 (Restated)** ***$m***
Balance sheet (extract)						
Contributed equity	1,812.2	–	1,812.2	1,771.9	–	1,771.9
Hedging reserve	(26.6)	2.6	(24.0)	(31.8)	2.6	(29.2)
Foreign currency translation reserve	(185.9)	–	(185.9)	(182.2)	–	(182.2)
Share based payment reserve	1.7	–	1.7	–	–	–
Retained earnings	57.4	(2.6)	54.8	50.1	(2.6)	47.5
Non-controlling interest	9.2	–	9.2	9.7	–	9.7
Total equity	1,668.0	–	1,668.0	1,617.7	–	1,617.7

30. Dividends

(a) Ordinary shares

	2011 ***$m***	2010 *$m*
Final dividend for the year ended 30 June 2010 of 5.5 cents (2009: 6.0 cents) per fully paid share paid on 28 October 2010 (2009: 29 October 2009)		
Australia: 20% franked (2009: 20% franked) amount of 1.1 cents at 30% (2009: 1.2 cents at 30%) New Zealand: nil imputation (2009: nil imputation) amount of nil cents at 30% (2009: nil cents at 30%)	**75.9**	81.3
Interim dividend for the year ended 30 June 2011 of 5.25 cents (2010: 5.25 cents) per fully paid share paid on 7 April 2011 (2010: 8 April 2010)		
Australia: 30% franked (2010: 0% franked) amount of 1.575 cents at 30% (2010: nil cents at 30%) New Zealand: nil imputation (2010: nil imputation) amount of nil cents at 30% (2010: nil cents at 30%)	**72.5**	72.5

(b) Dividends not recognised at year end

	2011 ***$m***	2010 *$m*
Since year end the Directors have recommended the payment of a final dividend of 2.5 cents (2010: 5.5 cents) per fully paid ordinary share		
Australia: 45% franked (2010: 20% franked) amount of 1.125 cents at 30% (2010: 1.1 cents at 30%) New Zealand: nil imputation (2010: nil imputation) amount of nil cents at 30% (2010: nil cents at 30%)		
The aggregate amount of the proposed dividend payable on 3 November 2011 but not recognised as a liability at year end, is	**34.5**	75.9

(c) Franked dividends

	2011 ***$m***	2010 *$m*
Franking credits available for the above period and for subsequent financial years based on a tax rate of 30% (2010: 30%)	**8.2**	1.1
Add: Current year tax payable*	**6.7**	5.3
	14.9	6.4

* The 30 June 2011 franking balance has been adjusted for franking credits that will arise from the payment of the current tax liability recognised as at 30 June 2011 on lodgement of the 2011 tax returns.

The franking credits to be attached to the franked portion of the final dividend for the year ended 30 June 2011 recommended for payment are $6.7m (2010: $6.5m). The dividend will be franked out of existing franking credits and out of franking credits arising from the payment of income tax instalments for the year ending 30 June 2011 and 30 June 2012 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.

(d) Imputation credits – New Zealand

	2011 ***$m***	2010 *$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% (2010: 30%)	**7.5**	4.9

The ability to pass on New Zealand imputation credits to New Zealand shareholders through a dividend is possible due to changes in the tax laws operation between New Zealand and Australia (Trans Tasman Triangular Tax Relief) that were enacted at the end of 2003.

The impact on the imputation account of dividends recommended after year end, but not recognised as a liability at year end is to reduce it by nil.

31. Key management personnel disclosures

(a) Key management personnel compensation

	2011 $	2010 $
Short-term employee benefits	**7,414,206**	8,118,282
Post-employment benefits	**486,426**	443,998
Other long term benefits	**56,093**	57,848
Termination benefits	**1,728,520**	901,816
Share-based payments	**(641,013)**	660,167
	9,044,232	10,182,111

Detailed remuneration disclosures are provided in the Remuneration Report.

Incentives awarded and paid to executives in the year ended 30 June 2011 in respect of performance for the 2010 financial year have been disclosed in the Remuneration Report in the 2010 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.

(b) Equity instrument disclosures relating to key management personnel

(i) Performance share plan

Details of entitlements over shares in Goodman Fielder Limited provided as remuneration during the year to each key management person are set out below. For more information on the performance share plan, see pages 40 to 44 of the Remuneration Report.

Key management personnel participated in the following share plans:

The grant date and share value at that date for each share plan was as follows:

Share Plan	**Grant date**	**Share value**
2011 – Performance Share Plan	15 December 2010	$1.37
2010 – Performance Share Plan	15 December 2009	$1.54
2009 – Performance Share Plan	12 December 2008	$1.28
2008 – Performance Share Plan	22 November 2007	$1.90

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

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

31. Key management personnel disclosures (continued)

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

(i) Performance share plan (continued)

2010 Entitlements to ordinary shares[1]	Balance at start of the year	Entitlements granted during the year	Vested during the year	Other changes during the year	Balance at end of the year	Vested and exercisable	Unvested
Directors of Goodman Fielder Limited							
P M Margin							
2010	–	862,069	–	–	862,069	–	862,069
2009	803,571	–	–	–	803,571	–	803,571
2008 [2]	288,066	–	–	(288,066)	–	–	–
2007	267,490	–	(267,490)	–	–	–	–
Other key management personnel of the Group							
D Clark							
2010	–	80,176	–	–	80,176	–	80,176
2009	72,913	–	–	–	72,913	–	72,913
2008[2]	39,630	–	–	(39,630)	–	–	–
G G W Erby							
2010	–	104,822	–	–	104,822	–	104,822
2009	94,863	–	–	–	94,863	–	94,863
2008[2]	51,078	–	–	(51,078)	–	–	–
D K Goldsmith							
2010	–	110,463	–	–	110,463	–	110,463
2009	99,969	–	–	–	99,969	–	99,969
2008[2]	53,827	–	–	(53,827)	–	–	–
G J Hardie[3]							
2009	118,720	–	–	(118,720)	–	–	–
2008[2]	64,527	–	–	(64,527)	–	–	–
A R Hipperson							
2010	–	82,874	–	–	82,874	–	82,874
2009	75,000	–	–	–	75,000	–	75,000
2008[2]	34,025	–	–	(34,025)	–	–	–
P R Reidie							
2010	–	83,668	–	–	83,668	–	83,668
2009	67,991	–	–	–	67,991	–	67,991
S K Roberts							
2010	–	86,820	–	–	86,820	–	86,820
2009	78,571	–	–	–	78,571	–	78,571
C M S Stiff							
2010	–	107,820	–	–	107,280	–	107,280
J D West							
2010	–	75,874	–	–	75,874	–	75,874
2009	69,000	–	–	–	69,000	–	69,000
2008[2]	34,461	–	–	(34,461)	–	–	–

(1) Represents number of ordinary shares to which executive will be entitled at target performance.
(2) The 2008 performance share plan criteria were not met and the Board did not award incentives under this plan during the year.
(3) Mr Hardie ceased employment as Managing Director, GF Fresh Baking effective 4 September 2009. As the 2008 and 2009 performance share plan service criteria were not met, these incentives did not vest.

(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:

2011 Number of ordinary shares	Balance at the start of the year	Net acquisitions	Other changes during the year	Balance at the end of the year
Executive Director of Goodman Fielder Limited				
P M Margin[1]	378,518	–	(378,518)	**–**
Non-executive Directors of Goodman Fielder Limited				
M G Ould[2]	200,100	100,000	–	**300,100**
C J Froggatt	2,147	15,185	–	**17,332**
S Gregg	100	–	–	**100**
P R Hearl	10,000	35,456	–	**45,456**
C A Hooke	101,000	50,000	–	**151,000**
I D Johnston	105,805	30,461	–	**136,266**
H E Perrett[3]	2,500	–	(2,500)	**–**
Other key management personnel of the Group				
A B Canning[4]	–	–	–	**–**
D Clark	4,098	–	–	**4,098**
G G W Erby[5]	48,963	–	(48,963)	**–**
D K Goldsmith[6]	61,195	–	(61,195)	**–**
A R Hipperson	28,889	–	–	**28,889**
P R Reidie	1,443	–	–	**1,443**
S K Roberts	–	–	–	**–**
C M S Stiff[7]	1,324	3,472	–	**4,796**
J D West	34,723	–	–	**34,723**
N A Kearney[8]	–	–	–	**–**

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

31. Key management personnel disclosures (continued)

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

(ii) Share holdings (continued)

2010 Number of ordinary shares	Balance at the start of the year	Net acquisitions	Other changes during the year	Balance at the end of the year
Executive Director of Goodman Fielder Limited				
P M Margin	111,028	267,490	–	378,518
Non-executive Directors of Goodman Fielder Limited				
M G Ould	200,100	–	–	200,100
C J Froggatt [1]	–	2,147	–	2,147
S Gregg [2]	–	100	–	100
P R Hearl [2]	–	10,000	–	10,000
C A Hooke	101,000	–	–	101,000
I D Johnston	66,414	39,391	–	105,805
H E Perrett	2,500	–	–	2,500
G R Walker [3]	201,000	–	(201,000)	–
Other key management personnel of the Group				
D Clark	4,098	–	–	4,098
G G W Erby	48,963	–	–	48,963
D K Goldsmith	61,195	–	–	61,195
G J Hardie [4]	63,765	–	(63,765)	–
A R Hipperson	28,889	–	–	28,889
P R Reidie	1,443	–	–	1,443
S K Roberts	–	–	–	–
C M S Stiff	–	1,324	–	1,324
J D West	34,723	–	–	34,723

(1) Ms C Froggatt was appointed a Director on 27 August 2009.
(2) Mr S Gregg and Mr P Hearl were appointed as Directors on 26 February 2010.
(3) Mr G Walker was a Director from the beginning of the financial year until his resignation on 11 December 2009.
(4) Mr Hardie ceased employment as Managing Director GF Fresh Baking, effective 4 September 2009.

(c) Loans to key management personnel

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

(d) Transactions with key management personnel

Transactions with key management personnel are detailed in Note 35. From time to time, key management personnel of the Group may purchase goods from the Group. These purchases are on the same terms and conditions as those entered into by other Group employees or customers and are trivial or domestic in nature.

32. Remuneration of auditors

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

	2011 **$**	2010 $
(a) Audit services		
KPMG Australia		
Audit and review of financial reports	**988,000**	956,000
Overseas KPMG firms		
Audit and review of financial reports	**449,850**	472,000
	1,437,850	1,428,000
(b) Other tax and assurance services		
KPMG Australia		
Tax services	**–**	25,000
Other assurance services	**89,450**	32,700
Overseas KPMG firms		
Tax services	**69,735**	45,500
Other assurance services	**41,146**	30,050
	200,331	133,250
	1,638,181	1,561,250

33. Contingencies

(a) Contingent liabilities

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

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

The Group has entered into a Deed of Cross Guarantee. Details are set out in note 37.

(b) Contingent assets

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

34. Commitments

(a) Capital commitments

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

	2011 ***$m***	2010 *$m*
Payable:		
Within one year	**10.7**	13.9

(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, and the Auckland New Zealand office.

	2011 ***$m***	2010 *$m*
Commitments for minimum lease payments in relation to non-cancellable operating leases are payable as follows:		
Within one year	**29.4**	28.1
Later than one year but not later than five years	**84.0**	75.9
Later than five years	**108.2**	114.8
	221.6	218.8

(ii) Finance leases

During the year, the Group leased various plant and equipment with a carrying amount of $1.2m (2010: $1.7m) under finance leases expiring within 1 to 5 years. All of the leases provide the Group with an option to purchase the equipment at a beneficial price.

	2011 ***$m***	2010 *$m*
Commitments in relation to finance leases are payable as follows:		
Within one year	**0.7**	0.9
Later than one year but not later than five years	**1.7**	1.5
Later than five years	**0.1**	–
	2.5	2.4
Representing lease liabilities:		
Current (note 22)	**0.7**	0.9
Non-current (note 25)	**1.8**	1.5
	2.5	2.4

The weighted average interest rate implicit in the leases is 3.09% (2010: 3.57%).

35. 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 36.

(d) Key management personnel

Disclosures relating to key management personnel are set out in the Remuneration Report and note 31.

(e) Transactions with other related parties

The following transactions occurred with related parties other than key management personnel or entities related to them:

	2011 ***$m***	2010 *$m*
Sales of goods and services		
Sale of goods to related entities	**–**	1.6
Purchases of goods		
Purchase of goods from related entities	**15.0**	10.7

(f) Outstanding balances from related party

The following balances are outstanding at the reporting date in relation to transactions with related parties other than key management personnel:

	2011 ***$m***	2010 *$m*
Non-current receivables (loans)		
Related entities – loans	**3.6**	5.3
Current payables (purchases of goods)		
Related entities – purchases of goods	**0.6**	0.3

Transactions and/or balances between the Goodman Fielder Group and related and/or Director-related entities have occurred with respect to:

The current financial year:

AGL Energy Limited
– provision of gas and electricity services

Foster's Group Limited
– purchase of raw materials

Neil Kearney
– provision of consulting services prior to starting with Goodman Fielder (31 January 2011).

The previous financial year:

AGL Energy Limited
– provision of gas and electricity services

Foster's Group Limited
– purchases of raw materials

Oilstream Partners Pty Limited
– supply of raw materials

(g) Terms and conditions of transactions with related parties other than key management personnel or entities related to them

All of the above transactions were conducted under normal commercial terms and conditions.

Outstanding balances at period end are unsecured and settlement occurs in cash. There have been no guarantees provided or received for any related party receivables. For the financial period ended 30 June 2011, the Group has not incurred any impairment losses relating to amounts owed by related parties (2010: nil).

36. Subsidiaries

There were no business combinations during the current financial year or the prior financial year. The financial statements incorporate the assets, liabilities and results of the following controlled entities in accordance with the accounting policy described in note 1(b):

			Equity holding	
Controlled entities of Goodman Fielder Limited at 30 June 2011	**Country of incorporation**	**Class of shares**	**2011 %**	2010 %
BCW Hotplate Bakery Pty Ltd	Australia	Ordinary	**100**	100
Bilgola Foods Pty Ltd	Australia	Ordinary	**100**	100
Cobbity Farm Bakeries Pty Ltd	Australia	Ordinary	**100**	100
Country Bake Bakeries Pty Ltd	Australia	Ordinary	**100**	100
Country Bake Cairns Pty Ltd	Australia	Ordinary	**100**	100
Country Bake Tasmania Pty Ltd	Australia	Ordinary	**100**	100
Darwin Bakery Pty Limited	Australia	Ordinary	**100**	100
Dashboard Bidco Pty Limited	Australia	Ordinary	**100**	100
Dashboard Holdings Pty Limited	Australia	Ordinary	**100**	100
Defiance Mills Pty Ltd	Australia	Ordinary	**100**	100
GF Brand Holding Company Pty Limited	Australia	Ordinary	**100**	100
GF Defiance Pty Limited	Australia	Ordinary	**100**	100
GF Services Company Pty Limited	Australia	Ordinary	**100**	100
Goodman Fielder Consumer Foods Pty Limited	Australia	Ordinary	**100**	100
Goodman Fielder Custodians Pty Limited	Australia	Ordinary	**100**	100
Goodman Fielder Food Services Pty Limited	Australia	Ordinary	**100**	100
Goodman Fielder Superannuation Fund Pty Limited	Australia	Ordinary	**100**	100
Goodman Fielder Treasury Pty Limited	Australia	Ordinary	**100**	100
Hawley Nominees Pty Ltd	Australia	Ordinary	**100**	100
K.F. Holdings Pty Ltd	Australia	Ordinary	**100**	100
La Famiglia Fine Foods Pty Ltd	Australia	Ordinary	**100**	100
Oilstream Partners Pty Limited	Australia	Ordinary	**100**	100
Paradise Food Industries Pty Limited	Australia	Ordinary	**100**	100
Quality Bakers Australia Pty Limited	Australia	Ordinary	**100**	100
Regal Bakeries Pty Limited	Australia	Ordinary	**100**	100
Stuart Bakery Pty Ltd	Australia	Ordinary	**100**	100
Sunicrust Bakeries Proprietary Limited	Australia	Ordinary	**100**	100
Evercrisp Snack Products (South Seas) Limited	Fiji	Ordinary	**90**	90
Goodman Fielder (Fiji) Limited	Fiji	Ordinary	**90**	90
Goodman Fielder International (Fiji) Limited	Fiji	Ordinary	**90**	90
Tucker Group (Fiji) Limited	Fiji	Ordinary	**90**	90
Tuckers Ice Cream Limited	Fiji	Ordinary	**90**	90
Goodman Fielder International (China) Limited	Hong Kong	Ordinary	**100**	100
Goodman Fielder International (Hong Kong) Limited	Hong Kong	Ordinary	**100**	100
Sinar Meadow International Limited	Hong Kong	Ordinary	**58.6**	58.6
Goodman Fielder International Sdn Bhd	Malaysia	Ordinary	**100**	100
Goodman Fielder Nouvelle Caledonie SAS	New Caledonia	Ordinary	**100**	100
GF Retirement Nominees Limited	New Zealand	Ordinary	**100**	100
Goodman Fielder New Zealand Limited	New Zealand	Ordinary	**100**	100
Goodman Fielder Treasury New Zealand Limited	New Zealand	Ordinary	**100**	100
Associated Mills Limited	Papua New Guinea	Ordinary	**74**	74
Evercrisp Snacks (PNG) Limited	Papua New Guinea	Ordinary	**100**	100
Goodman Fielder International (PNG) Limited	Papua New Guinea	Ordinary	**100**	100
RBPM Limited	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

37. Deed of cross guarantee

Pursuant to ASIC Class Order 98/1418 (as amended) dated 13 August 1998, the wholly owned subsidiaries listed below are relieved from the Corporations Act 2001 requirements for preparation, audit and lodgement of a financial report and Directors' report. Goodman Fielder Custodians Pty Limited is the Trustee appointed under this Deed but is not granted relief from specified accounting requirements in accordance with ASIC Class Order 98/1418 (as amended).

It is a condition of the Class Order that Goodman Fielder Limited and certain of the subsidiaries enter into a Deed of Cross Guarantee. The effect of the Deed is that Goodman Fielder Limited guarantees to each creditor payment in full of any debt in the event of winding up of any of the subsidiaries under certain provisions of the Corporations Act 2001. If a winding up occurs under other provisions of the Act, Goodman Fielder Limited will only be liable in the event that after six months any creditor has not been paid in full. The subsidiaries have also given similar guarantees in the event Goodman Fielder Limited is wound up.

The members of the Extended Closed Group subject to the deed are:

- BCW Hotplate Bakery Pty Ltd
- Bilgola Foods Pty Ltd
- Cobbity Farm Bakeries Pty Ltd
- Country Bake Bakeries Pty Ltd
- Country Bake Cairns Pty Ltd
- Country Bake Tasmania Pty Ltd
- Darwin Bakery Pty Limited
- Dashboard Holdings Pty Limited
- Dashboard Bidco Pty Limited
- Defiance Mills Pty Ltd
- GF Brand Holding Company Pty Limited
- GF Defiance Pty Limited
- GF Services Company Pty Limited
- Goodman Fielder Consumer Foods Pty Limited
- Goodman Fielder Food Services Pty Limited
- Goodman Fielder Treasury Pty Limited
- Hawley Nominees Pty Ltd
- K.F. Holdings Pty Ltd
- La Famiglia Fine Foods Pty Ltd
- Oilstream Partners Pty Limited
- Paradise Food Industries Pty Limited
- Quality Bakers Australia Pty Limited
- Regal Bakeries Pty Limited
- Stuart Bakery Pty Ltd
- Sunicrust Bakeries Proprietary Limited

37. Deed of cross guarantee (continued)

(a) Income statement, statement of comprehensive income and summary of movements in retained earnings

An income statement prepared in accordance with the accounting policy described in note 1(b), comprising certain wholly owned subsidiaries, which are party to the Deed, after eliminating all transactions between parties to the Deed of Cross Guarantee, is set out as follows:

	2011 ***$m***	2010 *$m*
Income statement		
Revenue – Sales of goods	**1,479.2**	1,509.8
Other income	**21.2**	16.2
Cost of sales	**(907.4)**	(920.3)
Warehousing and distribution expenses	**(259.2)**	(256.1)
Selling and marketing expenses	**(88.2)**	(88.5)
General and administration expenses	**(76.2)**	(78.9)
Other	**(250.0)**	-
Net financing income	**(24.7)**	(16.2)
(Loss)/profit before income tax	**(105.3)**	166.0
Income tax expense	**(32.8)**	(35.6)
(Loss)/profit for the year	**(138.1)**	130.4
Statement of comprehensive income		
(Loss)/profit for the year	**(138.1)**	130.4
Other comprehensive loss		
Changes in fair value of cash flow hedges	**(4.0)**	(6.7)
Total comprehensive (loss)/income for the year	**(142.1)**	123.7
Summary of movements in retained earnings		
Retained earnings at the beginning of the financial year	**32.1**	55.5
(Loss)/profit for the year	**(138.1)**	130.4
Dividends recognised during the period	**(148.4)**	(153.8)
(Accumulated losses)/retained earnings at the end of the financial year	**(254.4)**	32.1

(b) Statement of financial position

A statement of financial position prepared in accordance with the accounting policy described in note 1(b), comprising certain wholly owned subsidiaries which are party to the Deed, after eliminating all transactions between parties to the Deed of Cross Guarantee is set out as follows:

	2011 ***$m***	2010 *$m*
Current assets		
Cash and cash equivalents	**–**	22.7
Trade and other receivables	**133.9**	140.7
Inventories	**111.4**	89.2
Derivative financial instruments	**0.4**	0.1
Other current assets	**18.8**	24.1
Total current assets	**264.5**	276.8
Non-current assets		
Receivables	**775.7**	689.7
Investments in jointly controlled entities	**2.8**	1.8
Other investments	**707.9**	712.9
Property, plant and equipment	**397.1**	396.3
Deferred tax assets	**45.3**	39.5
Intangible assets	**452.7**	700.6
Other non-current assets	**0.4**	0.5
Total non-current assets	**2,381.9**	2,541.3
Total assets	**2,646.4**	2,818.1
Current liabilities		
Trade and other payables	**173.6**	160.3
Borrowings	**50.5**	449.6
Derivative financial instruments	**23.2**	16.5
Current tax liabilities	**10.7**	5.4
Provisions	**35.4**	38.2
Total current liabilities	**293.4**	670.0
Non-current liabilities		
Borrowings	**721.9**	297.0
Derivative financial instruments	**82.1**	10.7
Provisions	**14.4**	14.1
Total non-current liabilities	**818.4**	321.8
Total liabilities	**1,111.8**	991.8
Net assets	**1,534.6**	1,826.3
Equity		
Contributed equity	**1,812.2**	1,812.2
Reserves	**(23.2)**	(18.0)
(Accumulated losses)/retained profits	**(254.4)**	32.1
Total equity	**1,534.6**	1,826.3

38. Jointly controlled entities

The Group has a 50% interest (2010: 50% interest) in PT Sinar Meadow International Indonesia (incorporated in Indonesia).

PT Sinar Meadow International Indonesia operates a margarine manufacturing and distribution business in Indonesia. The Group's investment in the company, together with loans made to the company, were written off in prior years.

During the year, an impairment reversal of $1.2m (2010: $1.8m) of the Group's investment in PT Sinar Meadow International Indonesia was recognised. The impact of the impairment reversal was partly offset by a $0.2m (2010: nil) reduction in the Group's investment in PT Sinar Meadow International Indonesia on translation of the Group's share of net assets.

	Ownership interest		Carrying value of investment	
Name	**2011**	2010	**2011** ***$m***	2010 *$m*
PT Sinar Meadow International Indonesia (incorporated in Indonesia)	**50.0%**	50.0%	**2.8**	1.8

	2011 ***$m***	2010 *$m*
Share of jointly controlled entity's assets and liabilities		
Current assets	**6.9**	6.8
Non-current assets	**1.7**	1.7
Total assets	**8.6**	8.5
Current liabilities	**1.4**	0.8
Non-current liabilities	**4.4**	5.9
Total liabilities	**5.8**	6.7
Net assets	**2.8**	1.8
Share of jointly controlled entity's revenue, expenses and results		
Revenues	**23.8**	10.5
Expenses	**(22.6)**	(9.8)
Profit before income tax	**1.2**	0.7

39. Reconciliation of (loss)/profit after income tax to net cash inflow from operating activities

	2011 ***$m***	2010 *$m*
(Loss)/profit for the year	**(161.3)**	165.8
Adjustments for:		
Depreciation and amortisation	**69.3**	61.3
Impairment of property, plant and equipment	**0.8**	–
Impairment of goodwill	**300.0**	–
Net loss/(gain) on disposal of property, plant and equipment	**0.9**	(2.1)
Net loss on disposal of business	**–**	2.9
Reversal of previous period impairments	**(1.0)**	(2.5)
Transfer of hedge reserve to income statement	**(0.2)**	17.5
Share-based payments	**(1.2)**	1.7
Unrealised foreign exchange gain on US private placement	**(71.4)**	–
Change in operating assets and liabilities		
Decrease in trade and other receivables	**1.3**	13.8
(Increase)/decrease in inventories	**(30.1)**	9.8
Increase/(decrease) in derivative financial instruments	**72.1**	(10.2)
Decrease/(increase) in tax receivable	**7.1**	(7.8)
(Increase)/decrease in deferred tax assets	**(5.3)**	46.0
Decrease/(increase) in other assets	**3.0**	(2.3)
Increase in trade and other payables	**17.0**	14.7
Increase in current tax liability	**4.5**	7.6
Increase/(decrease) in provisions	**0.7**	(2.0)
Increase in deferred tax liabilities	**1.4**	5.5
Net cash inflow from operating activities	**207.6**	319.7

40. Non-cash financing activities

A dividend reinvestment plan (DRP) was in place during the current financial year, but shares were purchased on market to satisfy all entitlements. In 2010, 25,317,548 shares were issued under the DRP. Dividends settled in shares rather than cash during 2010 totalled $40.5m.

41. Events occurring after the reporting date

There have been no events subsequent to reporting date which would have a material effect on the Group's financial statements at 30 June 2011.

42. Earnings per share

	2011 ***Cents***	2010 *Cents*
(a) Basic earnings per share		
(Loss)/profit attributable to the owners of Goodman Fielder Limited	**(12.1)**	11.7

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

	2011 ***$m***	2010 *$m*
Basic earnings per share		
(Loss)/profit for the year	**(161.3)**	165.8
Less: Profit attributable to non-controlling interests	**(5.4)**	(4.7)
(Loss)/profit attributable to the ordinary equity holders of Goodman Fielder Limited	**(166.7)**	161.1

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

	2011 ***Number m***	2010 *Number m*
Weighted average number of ordinary shares used as the denominator in calculating basic and diluted earnings per share	**1,380.4**	1,371.9

There were no dilutive potential ordinary shares in existence during the year (2010: nil)

43. Parent entity financial information

(a) Summary financial information

As at, and throughout, the financial year ended 30 June 2011 the legal parent entity of the group was Goodman Fielder Limited. The individual financial statements for Goodman Fielder Limited show the following aggregate amounts:

	2011 ***$m***	2010 *$m*
Financial position at year end		
Non-current assets	**2,755.7**	2,841.1
Total assets	**2,755.7**	2,841.1
Current liabilities	**9.2**	3.3
Non-current liabilities	**2.2**	2.2
Total liabilities	**11.4**	5.5
Total equity comprises:		
Contributed equity	**2,654.5**	2,654.5
Retained earnings	**89.8**	181.1
	2,744.3	2,835.6
Profit for the year	**56.4**	144.9
Total comprehensive income	**56.4**	144.9

(b) Guarantees entered into by the parent entity

(i) Financial guarantees

The parent entity has given unsecured guarantees in respect of:

(a) bank account set-off facility of subsidiaries amounting to $10m (2010: $10m)

(b) receivables purchase agreements of subsidiaries amounting to $96.0m (2010: $72.5m)

(c) bank loans of subsidiaries outside Australia and New Zealand amounting to $11.0m (2010: $12.7m).

(d) bank guarantees of subsidiaries amounting to $4.5m (2010: $4.6m)

(e) commodity futures agreement of subsidiaries amounting to $1.2m (2010: $0.7m)

(f) International Swap Dealer Association (ISDA) agreements of subsidiaries amounting to $104.9m (2010: $32.8m)

The fair value of these unsecured guarantees of subsidiaries were considered to be immaterial to Goodman Fielder Limited and therefore no liability has been recognised in the financial statements.

(ii) Debt facility guarantee

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

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

In determining the fair value of the guarantee in respect of these entities Goodman Fielder Limited has given consideration to the following:

- the probability of default or the entities being wound up while the guarantee is still in place;
- the existence of sufficient assets in the entities to meet their debt repayment obligations; and
- the likely timing of the potential winding up of these entities.

The fair value of the debt facility guarantee in respect of the treasury entities is considered to be immaterial to Goodman Fielder Limited and therefore no liability has been recognised in the financial statements.

(iii) Deed of cross guarantee

Goodman Fielder Limited and certain of its Australian subsidiaries are party to a Deed of Cross Guarantee. Under the provisions of AASB 139 *Financial Instruments: Recognition and Measurement* as amended by AASB 2005-9, a Deed of Cross Guarantee should be accounted for as a Financial Guarantee Contract as detailed in note 1(y) by Goodman Fielder Limited, the parent entity of the Group.

The fair value of the Deed of Cross Guarantee was considered to be immaterial to Goodman Fielder Limited at its inception and at the time of any subsequent amendments, considered to represent the creation of a new deed, and therefore no liability has been recognised in the financial statements.

(c) Contingent liabilities of the parent entity

The parent entity did not have any contingent liabilities as at 30 June 2011 (2010: nil).

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

As at 30 June 2011, the parent entity did not have any contractual commitments for the acquisition of property, plant or equipment. (2010: nil).

Directors' Declaration

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

(a) the consolidated financial statements and notes set out on pages 56 to 115 and the Remuneration report in the Directors' report, set out on pages 33 to 53, are in accordance with the *Corporations Act 2001,* including:

(i) giving a true and fair view of the Group's financial position as at 30 June 2011 and of its performance for the financial year ended on that date;

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

(b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

There are reasonable grounds to believe that the Company and the group entities identified in note 37 will be able to meet any obligations or liabilities to which they are or may become subject to by virtue of the Deed of Cross Guarantee between the Company and those group entities pursuant to ASIC Class Order 98/1418.

The directors have been given the declarations required by Section 295A of the *Corporations Act 2001* from the chief executive officer and chief financial officer for the financial year ended 30 June 2011.

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

Signed in accordance with a resolution of the Directors:

Chris Delaney
Managing Director and Chief Executive Officer
29 August 2011

Max Ould
Chairman
29 August 2011

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

Report on the financial report

We have audited the accompanying financial report of Goodman Fielder Limited (the company), which comprises the consolidated statement of financial position as at 30 June 2011, and consolidated income statement and consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year ended on that date, notes 1 to 43 comprising a summary of significant accounting policies and other explanatory information and the directors' declaration of the Group comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' responsibility for the financial report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement whether due to fraud or error. In note 1, the directors also state, in accordance with Australian Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements of the Group comply with International Financial Reporting Standards.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We performed the procedures to assess whether in all material respects the financial report presents fairly, in accordance with the Corporations Act 2001 and Australian Accounting Standards, a true and fair view which is consistent with our understanding of the Group's financial position and of its performance.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

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

Auditor's opinion

In our opinion:

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

(i) giving a true and fair view of the Group's financial position as at 30 June 2011 and of its performance for the year ended on that date; and

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

(b) the financial report also complies with International Financial Reporting Standards as disclosed in note 1.

Report on the remuneration report

We have audited the Remuneration Report included in pages 33 to 53 of the directors' report for the year ended 30 June 2011. 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 2011, complies with Section 300A of the *Corporations Act 2001*.

KPMG.

KPMG

David Rogers.

David Rogers
Partner

Sydney
29 August 2011

Stock Exchange Listings

Goodman Fielder's ordinary shares are quoted on the Australian (ASX) and New Zealand (NZX) exchanges. As at 15 September 2011 there are 1,380,386,438 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 5.1.6 of the NZX Listing Rules, Goodman Fielder is exempt from various NZX Listing Rules which are detailed in Appendix 17 of the NZX Listing Rules.

Share Registry

Australia

Link Market Services Limited

Level 12, 680 George Street
Sydney NSW 2000
Locked Bag A14
Sydney South NSW 1235

Investor Enquiries:

Tel: 1800 178 254 (in Australia only)
Tel: +61 2 8280 7995 (international)
Fax: +61 2 9287 0303
Website: www.linkmarketservices.com.au

New Zealand

Link Market Services Limited

Level 16, Brookfields House
19 Victoria Street
Auckland, New Zealand
P.O. Box 91976, Auckland 1142

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:

- 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

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 Company also issues a Sustainability Report, which offers shareholders another option for obtaining information about the Company. The Annual Report, Sustainability Report and all announcements made to the ASX and the NZX are available for viewing on the Company's website, www.goodmanfielder.com.au. You can subscribe via our registrar's website, www.linkmarketservices.com.au, to receive email notification of certain of the Company's announcements.

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, 2011 the following substantial shareholdings had been advised to the Company:

	Ordinary Shares
AXA Group	87,382,416
DFA Group	69,263,564
Harris Associates LP	100,432,900
Lazard Asset Management Pacific Co	70,676,680
Letko, Brosseau & Associates Inc.	113,292,275
Maple-Brown Abbott Limited	141,924,365
National Australia Bank Limited	103,096,852

Holders of Each Class of Equity Security*

As at 15 September, 2011 the distribution and number of holders of ordinary shares, together with holders holding less than a marketable parcel, were as follows:

	No. of Holders	% of Holders	Ordinary Shares Held	% of Issued Capital
Distribution				
1 – 1,000	6,310	22.5	4,938,392	0.36
1,001 – 5,000	12,492	44.5	32,958,836	2.39
5,001 – 10,000	4,488	16.0	35,171,666	2.55
10,001 – 100,000	4,581	16.3	106,728,331	7.73
100,001 and over	188	0.7	1,200,589,213	86.97
Totals	**28,059**	**100.0**	**1,380,386,438**	**100.00**
Holding less than a marketable parcel	2,090			

* 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 2011*

	Number of Ordinary Shares Held	% of Ordinary Shares Held
HSBC Custody Nominees (Australia) Limited	426,216,543	30.88
National Nominees Limited	309,916,879	22.45
J P Morgan Nominees Australia Limited	205,444,372	14.88
Citicorp Nominees Pty Limited	69,622,949	5.04
J P Morgan Nominees Australia Limited <CASH INCOME A/C>	21,237,497	1.54
RBC Dexia Investor Services Australia Nominees Pty Limited <BKCUST A/C>	18,818,712	1.36
Cogent Nominees Pty Limited	17,724,993	1.28
RBC Dexia Investor Services Australia Nominees Pty Limited	16,347,828	1.19
Queensland Investment Corporation	14,137,967	1.02
Citicorp Nominees Pty Limited <CWLTH BANK OFF SUPER A/C>	7,006,763	0.51
Citicorp Nominees Pty Limited <COLONIAL FIRST STATE INV A/C>	5,429,417	0.39
AMP Life Limited	5,352,963	0.39
HSBC Custody Nominees (Australia) Limited – A/C 2	4,385,727	0.32
RBC Dexia Investor Services Australia Nominees Pty Ltd <PISELECT A/C>	4,195,913	0.30
M F Custodians Ltd	4,095,101	0.30
Snowside Pty Ltd <SNOWSIDE A/C>	3,280,000	0.24
New Zealand Superannuation Fund Nominees Limited	3,255,940	0.24
Citicorp Nominees Pty Limited <CFSIL CWLTH AUST SHS 8 A/C>	3,201,600	0.23
Sandhurst Trustees Ltd <SISF A/C>	2,483,226	0.18
CS Fourth Nominees Pty Ltd	2,335,803	0.17
Total	**1,144,490,193**	**82.91**
Total issued ordinary shares at 15 September, 2011	**1,380,386,438**	

*As advised by the share registry; beneficial holdings may differ.

At 15 September, 2011, the Company had 28,059 ordinary shareholders of which the 20 largest holders held over 1,144 million of the approximately 1,380 million ordinary shares on issue. There are 23,148 ordinary shareholders with registered addresses in Australia, 4,761 in New Zealand and 150 registered elsewhere, primarily in the United Kingdom, Hong Kong, Singapore and the United States of America.

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 Chris Delaney (Managing Director and CEO)
Ms Chris Froggatt
Mr Steven Gregg
Mr Peter Hearl
Mr Clive Hooke
Mr Ian Johnston

Company Secretary

Mr Jonathon West

Auditor

KPMG
10 Shelley Street
Sydney NSW 2000

2011 Annual General Meeting

24 November 2011 at 10.30 am
Sydney and Melbourne Rooms
Level 3, Sofitel Sydney Wentworth
61 – 101 Phillip Street, Sydney

Dividend

2011 Final Dividend	2.5 cents/share
28 September 2011	Record Date
3 November 2011	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, 1142, New Zealand)

Telephone: 0800 150 013 (in New Zealand)
Telephone: +61 2 8280 7201 (international)
Fax: +64 9 375 5990
Email: lmsenquiries@linkmarketservices.com
Website: www.linkmarketservices.com

Financial Calendar

The dates for the 2012 Financial Calendar will be available throughout the year on the Company's website www.goodmanfielder.com.au

Designed and produced by XSD.

ECF ELEMENTAL CHLORINE FREE
EMS ENVIRONMENTAL MANAGEMENT SYSTEMS

FSC Mixed Sources
Product group from well-managed forests and other controlled sources
www.fsc.org Cert no. SGS-COC-2586
© 1996 Forest Stewardship Council

www.goodmanfielder.com.au