goodman fielder
our homegrown food company

Goodman Fielder Limited
ABN 51 116 399 430

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19 August 2010

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Company Announcements Office
ASX Limited
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20 Bridge Street
SYDNEY NSW 2000

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

Goodman Fielder Limited – Preliminary Final Report and 2010 Annual Financial Report

I attach the following documents:

- an Appendix 4E 2010 Preliminary Final Report in relation to the Company's results for the financial year ended 30 June 2010; and
- a copy of the 2010 Annual Financial Report (incorporating the Directors' Report, the Financial Report and the Independent Auditor's Report dated 19 August 2010).

The Company's Results Announcement for the financial year ended 30 June 2010 will follow.

A Presentation to Analysts in connection with the 2010 financial results will be released later in the morning.

Each of the above documents will be posted to Goodman Fielder's website once released to the market.

I note that by lodgement of a copy of the Goodman Fielder Limited 2010 Annual Financial Report, the Company obtains relief from dual lodgement of that report pursuant to ASIC Class Order [CO 98/104] and ASIC Regulatory Guide 28.

Copies of the Company's typeset 2010 Annual Report will be lodged at the same time as the Annual Report is distributed to shareholders.

Yours sincerely,

JONATHON WEST
Company Secretary

GOODMAN FIELDER LIMITED

ABN 51 116 399 430

Appendix 4E

Preliminary final report

Year ended 30 June 2010

ASX/NZX Code: GFF

This document, including all attachments, comprises the full year results information required by ASX Listing Rule 4.3A and NZSX Listing Rule 10.4.2.

PRELIMINARY FINAL REPORT
PERIOD ENDED 30 JUNE 2010

RESULTS FOR ANNOUNCEMENT TO THE MARKET
(all comparisons are to the year ended 30 June 2009)

Name of entity

GOODMAN FIELDER LIMITED

ABN 51 116 399 430

Reporting period: Year ended 30 June 2010

	Direction of movement	% Change	2010 [(1)(2)] $A Million	2009 [(2)(3)] $A Million
Revenue from ordinary activities	Down	6.6%	2,660.1	2,848.6
Profit from ordinary activities after tax attributable to members	Down	8.3%	161.1	175.7
Net profit for the period attributable to members	Down	8.3%	161.1	175.7

Notes

(1) Profit figures reflect a A$12.1m non-cash write-down of deferred tax assets required to be recorded at 30 June 2010 following the announcement by the New Zealand Government in May 2010 of the removal of building depreciation for tax purposes, effective 1 July 2012.

(2) The Commercial fats and oils business is no longer reported as a discontinued operation and 2009 comparative figures have been restated to include revenues and profits from the business.

On 31st March 2010, the Australian Competition and Consumer Commission (ACCC) announced it would oppose the proposed acquisition of the business by Cargill. Goodman Fielder is now restructuring and redeveloping the business to improve its profitability. As a result of retention of the business, 2010 profit figures reflect $3.6 million of non-recurring transaction costs (post-tax) and $4.2 million in additional depreciation on the assets previously held for sale. There was no impact on the results of operations for the prior year.

(3) The 2009 comparative figures have been restated to reflect the accounting policy change as a result of adopting revised AASB138 *Intangibles*, as detailed in note 1(a)(i) of the attached annual financial report.

DIVIDENDS

	Amount per security	Franked amount per security	Imputation amount per security
Dividends on ordinary shares			
Interim dividend FY10	5.25¢	Nil at 30%	Nil at 30%
Final dividend FY09	6.0¢	1.20¢ at 30%	Nil at 30%
Interim dividend FY09	4.5¢	1.395¢ at 30%	Nil at 30%

On 19 August 2010, the Directors of the Company resolved to pay a dividend of 5.5¢ per share. The final dividend will be franked to 20%, with nil imputation for New Zealand taxation purposes. The unfranked portion of the dividend is 4.4¢ per share. Of this amount, 1.0¢ per share is declared to be conduit foreign income.

The record date for entitlement to the dividend is 6 October 2010 and the dividend is expected to be paid on 28 October 2010.

The total amount of the final dividend is $75.9 million.

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. The DRP will not be underwritten or offered at a discount for this dividend. Shares will be purchased on-market to satisfy entitlements under the DRP. The price per DRP share will be determined based upon the average of the daily volume weighted average sale 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 (11 October 2010) after the dividend record date. Election notices for participation in the DRP in relation to the final dividend must be received by the Company's share registry by 5.00pm Sydney time on 6 October 2010 to be effective for that dividend.

EXPLANATION OF RESULTS

Please refer to the attached 2010 Annual Financial Report and ASX/NZX Announcement for an explanation of the results. The preliminary final report is based upon audited accounts of Goodman Fielder Limited for the year ended 30 June 2010.

OTHER NZX DISCLOSURES

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

GOODMAN FIELDER LIMITED

Annual Financial Report

30 June 2010

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Directors' Report

The Directors of Goodman Fielder Limited (the Company) present their report, together with the financial report of the consolidated entity (the Group), for the financial year ended 30 June 2010 and the audit report thereon.

Directors

The Board of Directors of the Company currently consists of eight Directors - seven 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	63	Director since 14 November 2005 and Chairman since 31 August 2006. Member of the Remuneration Committee until 24 March 2010 and Chairman of the Nomination Committee. Mr Ould is also a Director of Foster's Group Limited (appointed February 2004) and AGL Energy Limited (appointed February 2006). He has extensive experience in the Australian food industry, including previous roles as Managing Director of the East Asiatic Company, Chief Executive Officer of Pacific Dunlop's Peters Foods division and Managing Director of National Foods Limited[(1)] from 1996 to 2003. *Former directorships of other listed companies during the past three years: Pacific Brands Limited, February 2004 to October 2009*
Peter Margin BSc (Hons), MBA Managing Director and Chief Executive Officer	50	Managing Director and Chief Executive Officer since 14 November 2005. Mr Margin has extensive experience in the food industry, with a strong record of managing a large Australasian consumer food company which delivered operational efficiency, brand development and profitability growth during his tenure. He joined National Foods Limited[(1)] in 1997 and held a number of roles prior to becoming Managing Director between July 2003 and November 2005. Mr Margin previously held positions with Simplot as General Manager, Birds Eye Foods; Pacific Dunlop as General Manager, Frozen Foods; Plumrose as General Manager in Marketing; and Heinz, where he held positions in research and development, quality assurance and marketing. *Former directorships of other listed companies during the past three years: None*
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), the Human Resources and Remuneration Committee (formerly the Remuneration Committee) (appointed 27 August 2009) and the Nomination Committee (appointed 24 March 2010). Ms Froggatt has over 20 years' senior executive experience as a human resources specialist in leading international companies including Brambles Industries plc and Brambles Industries Limited, Whitbread Group plc, Diageo plc, Mars Inc and Unilever NV. More recently she has served on the Boards of Britvic plc and Sports Direct International plc and as an independent trustee director of Berkeley Square Pension Trustee Company Limited. She is currently a non-executive director on the Board of the Australian Chamber Orchestra. Ms Froggatt has a broad industry background, particularly in consumer branded products, covering industries such as beverages, food and confectionery through her appointments at Britvic, Whitbread, Diageo and Mars. She also has a breadth of experience in other industries such as retailing, hotels, leisure and logistics. *Former directorships of other listed companies during the past three years: Sports Direct International plc, March 2007 to October 2007 and Britvic plc, November 2005 to April 2008 (both listed on the LSE)*

Name, Qualifications and Position	Age	Experience and Special Responsibilities
Steve Gregg BCom Independent non-executive Director	49	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 Senior Advisor with McKinsey & Company, Consultant to Grant Samuel and a Director of William Inglis & Son Ltd. He is also Chairman of Austock Group Limited. *Former directorships of other listed companies during the past three years: None*
Peter Hearl BCom, MAIM, Member - AMA Independent non-executive Director	59	Director since 26 February 2010. Member of the Human Resources and Remuneration Committee (formerly the Remuneration Committee) (appointed 26 February 2010) and of the Audit Committee (appointed 26 February 2010). 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 a director of the University of New South Wales Study Abroad program. *Former directorships of other listed companies during the past three years: None*
Clive Hooke FCPA, FAICD Independent non-executive Director	64	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 the Chairman of Astra Capital Limited[(2)] (appointed a Director and Chairman in November 2007) and is a former Chairman of Big Brothers - Big Sisters Australia Limited. *Former directorships of other listed companies during the past three years: None*
Ian Johnston BCom, CPA Independent non-executive Director	63	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 his retirement in 2000. He then served as President and Chief Operating Officer of The Olayan Group, a privately-owned Saudi Arabian conglomerate. He is currently Chief Executive Officer of Foster's Group Limited (appointed a Director in September 2007 and Chief Executive Officer in September 2008). *Former directorships of other listed companies during the past three years: None*

Name, Qualifications and Position	Age	Experience and Special Responsibilities
Hugh Perrett Independent non-executive Director	71	Director since 14 November 2005. Chairman of the Human Resources and Remuneration Committee (formerly the Remuneration Committee) and Member of the Corporate Risk Committee (from 21 June 2007) and the Nomination Committee. Mr Perrett is also a Director of a number of other companies and entities, including AUT Enterprises Limited 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*

(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.

An additional non-executive Director, Mr Gavin Walker, also held office during the financial year until his resignation on 11 December 2009.

Name, Qualifications and Position	Experience and Special Responsibilities
Gavin Walker BCA, MIoD, MINFINZ, MAICD Independent non-executive Director	Director from 23 February, 2007 to 11 December 2009. Chairman of the Corporate Risk Committee and a Member of the Audit Committee from 21 June 2007 to 11 December 2009. Mr Walker has had a lengthy career in investment banking and was the Chief Executive of Bankers Trust Australia Investment Bank between 1996 and 1999. Prior to that, he held the position of Chief Executive Officer of Bankers Trust New Zealand Limited from 1986 to 1996. Mr Walker is currently a Director of Lion Nathan National Foods Limited (appointed 21 October 2009), Southern Cross Building Society (appointed 28 June 2007) and ASB Bank Limited and ASB Group (Life) Limited (appointed 10 March 2010). He also served as Chairman of the New Zealand Foreign Direct Investments Advisory Board between 1995 and 1997 and is a former Director of Lion Nathan Limited, BT Investment Management Limited, Veda Advantage Limited, Zintel Group Limited, St Lukes Group Limited, the AMP Advisory Board New Zealand and the New Zealand Rugby Union. *Former directorships of other listed companies during the past three years: Veda Advantage Limited[1], June 2000 to July 2007, Zintel Group Limited (listed on the NZAX), June 2002 to November 2007 and Lion Nathan Limited[2], March 2000 to October 2009*

(1) Veda Advantage Limited, an information and analytics company, was de-listed from New Zealand Exchange Limited on 10 July 2007 and was removed from the official list of ASX Limited on 12 July 2007, following court approval of the scheme of arrangement in relation to the acquisition of all issued shares by VA Australia Finance Pty Limited.
(2) Lion Nathan Limited was removed from the official list of ASX Limited on 28 October 2009, following completion of the scheme of arrangement with Kirin Holdings Company, Limited and its related bodies corporate

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 18 years of private practice and in-house experience. Mr West also serves as Group Commercial Director, 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	15	15	-	-	-	-	3	3	1	1
P M Margin	15	15	-	-	-	-	-	-	-	-
C J Froggatt	12	12	-	-	2	2	2	2	-	-
S Gregg	5	4	1	1	1	1	-	-	-	-
P R Hearl	5	5	1	1	-	-	1	1	-	-
C A Hooke	15	15	4	4	2	2	-	-	-	-
I D Johnston	15	14	4	4	-	-	3	3	-	-
H E Perrett	15	12	-	-	2	2	3	3	1	1
G R Walker	8	8	2	2	1	1	-	-	-	-

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

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

(c) Mr Ould attended two meetings and Messrs Johnston and Hearl each attended one meeting 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 Walker, Gregg and Hooke attended two, one and three meetings, respectively, at the invitation of the Committee. Mr Margin attended all meetings at the request of the Committee but was not present when matters relating to his employment and remuneration were discussed by the Committee. Mr Ould resigned as a member of the Committee on 24 March 2010.

(e) Messrs Hooke and Johnston and Ms Froggatt each attended one meeting at the invitation of the Committee. Ms Froggatt was subsequently appointed a member of the Committee on 24 March 2010. The full Board met informally on a number of occasions in connection with the selection and appointment of new Directors and the annual performance evaluation of the Board, Committees and individual Directors.

Principal Activities

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

State of Affairs

On 6 May 2009, the Company announced that it would look to divest its Commercial fats and oils business, subject to acceptable terms, pricing and conditions being offered. Following expressions of interest from a number of parties, on 10 December 2009, the Company entered into an agreement for the sale of the business to Cargill, an international producer and marketer of food, agricultural, financial and industrial products and services. The sale was subject to a number of regulatory conditions, including approval by the Australian Competition and Consumer Commission (ACCC), and the ACCC advised in March 2010 that it would oppose the sale of the business to Cargill. The Company has retained the business and is currently restructuring and further developing its operations to improve 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.

Review of Operations and Results

The Group delivered a robust result in difficult conditions for the year ended 30 June 2010 with Net Profit after Tax (NPAT) of $161.1 million, after non-recurring costs of $22.4 million[(1)]. If these costs are excluded, normalised NPAT was $183.5 million – an increase of 11.2%.

	FY 2010	FY 2009	Variation
Revenue	**$2,660.1m**	$2,848.6m	-6.6%
EBITDA	**$385.3m**	$373.0m*	3.3%
EBITDA margin	**14.5%**	13.1%	+1.4pts
Net Profit	**$161.1m**	$175.7m*	-8.3%
Net Profit (normalised)	**$183.5m**	$165.0m*	11.2%
Operating cash flow	**$319.7m**	$285.1m	12.1%
Cash realisation	**141%**	120%	+21pts
Earnings per share	**11.7c**	13.2c*	-11.4%
Earnings per share (normalised)	**13.4c**	12.4c*	8.4%
Dividend per share	**10.75c**	10.5c	2.4%
Net debt	**$916m**	$999m	
Gearing (Net Debt/EBITDA)	**2.29 times**	2.79 times	

* The 2009 comparative figures have been restated to reflect the accounting policy change as a result of adopting revised AASB138 *Intangibles*. The 2009 net profit impact was a decrease of $1.4m.

Highlights

- Record operating cash flow
- Outstanding EBITDA performance of "Fresh" businesses
  - Dairy +36.7%
  - Baking +16.4%
- Continued improvement in margins underpinned by increased marketing investment
- Fixed costs contained in challenging environment
- Sustained reduction in debt to preserve conservative gearing
- Successfully re-financed $770 million debt to extend maturity profile
- Good progress on the strategic platform.

Operating cash flow was up by 12.1% over the previous year to a record $319.7 million. The ability to generate strong operating cash flows is an inherent feature of the Group's business model and supports reinvestment in the business and a high dividend payout ratio.

EBITDA (Earnings Before Interest, Tax, Depreciation and Amortisation) on a reported basis was $385.3 million, up by 3.3% despite being impacted by non-recurring costs. On a normalised basis EBITDA increased by 10.3% to $399.6 million. EBITDA momentum was maintained as run-rates continued to improve during the second half of the year.

The ongoing strength of the Australian dollar adversely affected returns from both the Asia Pacific and New Zealand businesses which were impacted by weak currency when profits were translated into Australian dollars. The impact on EBITDA amounted to $15.1 million for the year.

Revenue was down by 6.6% to $2,660.1 million, reflecting input cost volatility in the first half and adverse currency translation.

The Group continued its emphasis on working capital management and this has resulted in a cash realisation ratio of 141%, up from 120% in the prior year.

Working capital has reduced by 21.7% from $159.7 million at 30 June 2009 to $125.1 million at 30 June 2010.

[(1)] Non-recurring costs, on an after-tax basis, were comprised of a number of elements: a $12.1 million non-cash write-down of deferred tax assets in New Zealand following regulatory changes announced by the New Zealand Government; $3.6 million of transaction costs relating to the non-completion of the divestment of the Commercial fats and oils business; $6.0 million in restructure costs; and $0.7 million in losses on asset sales.

Business Environment

Overall the Group experienced a highly competitive business environment throughout the year coupled with low pricing inflation. Consumers tended to pursue value offerings and this contributed to a very competitive market characterised by aggressive discounting.

Despite these market trends the Group returned further steady improvements in the "fresh" businesses of Baking and Dairy with EBITDA up substantially.

The **Fresh Baking** business returned a solid performance for the year with EBITDA increasing by 16.4% to $155.5 million. This was achieved despite a highly competitive market characterised by aggressive discounting and a consumer focus on value offerings. As a result revenue growth was flat for the period but a continuing focus on extracting efficiency savings and a return to more stable input costs resulted in strong earnings growth.

The **Fresh Dairy** business had a strong year with EBITDA increasing by 36.7% over the previous year to $60.3 million. This was achieved despite steady increases in raw milk costs during the year. The business continued to build on change initiated in the prior financial year and this has seen a revitalisation of the business with an increased focus on profit enhancing activities across the manufacturing, supply chain and sales functions. Sales volumes were up on the prior year as was revenue in local currency terms but, after translation into Australian currency, revenue reduced by 1.6% to $441.1 million.

The **Home Ingredients** division returned an EBITDA of $99.3 million for the year, down by 6.5% on the previous year's EBITDA which included $9.4 million profit on brand sales. This result was adversely impacted by a protracted transition to the new Erskine Park manufacturing plant. Revenue decreased by 6.2%, in part reflecting the exit from a number of unprofitable activities. Free cash flow was also down for the year, mostly reflecting the transfer of working capital from the Commercial division to better reflect the actual capital employed in both businesses.

Consumers continued to embrace "in-home" cooking and eating – a trend which commenced in the previous financial year. While this encouraged sales of the division's products, it was counterbalanced in some categories by consumer pursuit of cheaper versions, such as private label offerings or discounted branded products. This resulted in unit growth rates remaining generally constant over the year and the business maintaining stable market shares.

The **Commercial** division was impacted by input cost volatility in the first half as well as the distraction of the proposed divestment of the business but exited the year strongly. The business returned EBITDA of $34.3 million for the year, a reduction of 33.5% over the prior year, while revenue was down by 20% to $430.5 million. This reflects the higher costs of inventory in the first half of the year. The second half was much stronger, a result of improved product mix and solid business performances from industrial customers. The Commercial business is being positioned to improve focus on customer engagement, overhead structure, conversion costs and the commercialisation of emerging blending technologies.

The **Asia Pacific** business continued to grow solidly in the Pacific and steadily increased its presence in Asia during the year. The business returned EBITDA growth of 9.1% at $57.8 million. On a constant currency basis, earnings increased by a substantial 39%. The 12.4% reduction in revenue was a result of a reduction in input costs and adverse currency exchange rates. Operations in the Pacific returned strong organic growth while dairy exports into Asia grew solidly, as did the China based bakery ingredients business.

Finance

The Group continues to maintain a conservative balance sheet with net debt reducing to $916 million as at 30 June 2010, a reduction of 8.4% from a year earlier.

The Group's gearing ratio (net debt to EBITDA) was 2.29 times and debt to (debt+equity) of 26.7% compared to, respectively, 2.79 times and 28.9% in the prior year. Interest cover also improved further to 4.45 times, compared to 4.11 times in the prior year.

In October 2009 Goodman Fielder announced that it had finalised a new A$500 million syndicated, multi-currency, revolving loan facility. Then in June 2010 it announced that it had successfully placed US$300 million of unsecured notes in the US Private Placement market. The notes will be converted to A$350 million and used to repay expiring facilities. As a result of this completed re-financing, the next maturity is $350 million in July 2011.

The Group maintains committed debt facilities of A$1.4 billion.

Strategy

The Group made good progress during the year against its strategic agenda. Organic growth opportunities are being developed including a new focus on the out-of-home channel and leveraging some of the Group's icon retail food brands. New technologies are also being deployed to enable the Group to capture the next generation of growth.

A world class delivered cost base is being developed with investment in new facilities, in the Group's people and in its culture.

Work continues on further strengthening the Group's marketing and innovation capabilities while at the same time the Group is pursuing efficiencies that will contribute to a lean and responsive organisation. A shared services platform is being built which will deliver greatly enhanced efficiency and a reduced cost base.

Research and Development

The Group increased its research and development expenditure by 26% over the prior year. This follows a substantial lift last year, underlining the Group's ongoing commitment to maintaining a pipeline of new and innovative products coming to market. The Group opened new research and development centres in Auckland and West Footscray complementing the research centre established last year at the Group's head office in North Ryde in Sydney.

These facilities underpin the Group's new product development drive which has seen a range of new products being launched during the year, including new High Fibre variants of the Group's Australian top-selling Wonder White bread which resulted in a sales increase of 24%.

Marketing

The Group further increased the support that it puts behind its strong brand portfolio. Brand investment increased by $14 million during the year. The substantial increase over the past few years in brand investment is allowing the Group to drive margin expansion while the increased emphasis on enhancing its marketing and innovation capabilities is further developing its brand equity.

Outlook

The Group's operating environment continues to be quite fluid with key sensitivities driven by input cost volatility, currency translation and food price inflation. Full year NPAT for the financial year ending 30 June 2011 is projected to achieve mid to high single digit percentage growth over the 2010 normalised result.

Segment Results

Fresh Baking

	FY 2010	FY 2009	Variation
Sales	**$986.1m**	$983.9m	+0.2%
EBITDA	**$155.5m**	$133.6m	+16.4%
EBITDA margin	**15.8%**	13.6%	+2.2 pts
Free cash flow	**$153.3m**	$125.9m	+21.8%

Fresh Dairy

	FY 2010	FY 2009	Variation
Sales	**$441.1m**	$448.5m	-1.6%
EBITDA	**$60.3m**	$44.1m*	+36.7%
EBITDA margin	**13.7%**	9.8%	+3.9 pts
Free cash flow	**$79.6m**	$51.5m	+54.6%

Home Ingredients

	FY 2010	FY 2009	Variation
Sales	**$496.8m**	$529.4m	-6.2%
EBITDA	**$99.3m**	$106.2m*	-6.5%
EBITDA margin	**20.0%**	20.1%	-0.1 pts
Free cash flow	**$87.4m**	$96.0m	-9.0%

Commercial

	FY 2010	FY 2009	Variation
Sales	**$430.5m**	$538.1m	-20.0%
EBITDA	**$34.3m**	$51.6m	-33.5%
EBITDA margin	**8.0%**	9.6%	-1.6 pts
Free cash flow	**$56.5m**	$58.0m	-2.6%

Asia Pacific

	FY 2010	FY 2009	Variation
Sales	**$305.6m**	$348.7m	-12.4%
EBITDA	**$57.8m**	$53.0m	+9.1%
EBITDA margin	**18.9%**	15.2%	+3.7 pts
Free cash flow	**$57.7m**	$69.2m	-16.6%

*The 2009 comparative figures have been restated to reflect the accounting policy change as a result of adopting revised AASB 138 *Intangibles*.

Events Subsequent to Balance Date

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

Likely Developments

Likely developments in the Group's operations in future financial years and the expected results of those operations are reported, as appropriate, in the Review of Operations and Results on pages 7 to 10 in this Annual Financial 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 $81.3 million (6.0 cents per ordinary share) on 29 October 2009. The dividend was 20% franked in Australia, with nil imputation for New Zealand taxation purposes.

A 2009/2010 interim dividend of $72.5 million (5.25 cents per ordinary share) was paid on 8 April 2010. The dividend was unfranked in Australia, with nil imputation for New Zealand taxation purposes. The Company implemented a Dividend Reinvestment Plan (DRP) in February 2009 which was activated for both the 2009 final dividend and the April 2010 interim dividend. The DRP was underwritten to 50% for the final dividend.

On 19 August 2010, the Directors of the Company resolved to pay a final dividend of 5.5 cents per ordinary share, payable on 28 October 2010 to holders of record on 6 October 2010. The dividend will be 20% franked in Australia, with nil imputation for New Zealand taxation purposes. The Directors have determined that the Company's DRP will operate in respect of the October 2010 final dividend. The DRP will not be underwritten or offered at a discount and shares will be purchased on-market to satisfy entitlements under the DRP. The price per share will be determined based on 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 (11 October 2010) after the dividend record date.

Options Over Unissued Shares or Interests

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

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

Directors' Interests

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

Name	Ordinary Shares
M G Ould	200,100
P M Margin	378,518*
C J Froggatt	2,147
S Gregg	100
P R Hearl	10,000
C A Hooke	101,000
I D Johnston	105,805
H E Perrett	2,500

* Mr Margin also has entitlements to 1,953,706 ordinary shares under long-term incentive plans, subject to the satisfaction of performance and service conditions.

Transactions between companies within the Group and Director-related entities are set out in note 36 to the financial statements on pages 85 to 86 of this Annual Financial 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 2010.

Remuneration of Directors and Senior Executives

A Remuneration Report is set out in this Directors' Report on pages 13 to 27.

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.

Environmental Performance

The Group continues to improve its risk management program and environmental risks and impacts are continually assessed to ensure that the appropriate environmental controls have been implemented and are effective. The Company issued its first publicly available Sustainability Report in October 2009, which provided further information regarding its environmental performance and action plans for the 2010 financial year. It will issue its Sustainability Report for the year ended 30 June 2010, which will identify progress made against its 2010 action plans and outline its sustainability objectives for the 2011 financial year, in October 2010. The Company's Sustainability Reports are available on the Company's website (www.goodmanfielder.com.au) once issued.

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

Indemnification and Insurance of Officers

Company's Constitution and Deeds of Indemnity and Insurance

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

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

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

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

Insurance

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

The Deeds and Deed Poll referred to above provide for the Company to maintain directors' and officers' liability insurance, if available from a reputable insurance company at reasonable commercial rates, for a period of 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.

Indemnification of Auditors

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

Remuneration Report - audited

This report, which forms part of the Directors' Report, outlines the Board's policy for determining the nature and amount of remuneration of the key management personnel of the 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.

The adoption of the Remuneration Report will be subject to a non-binding vote of shareholders at the Company's 2010 Annual General Meeting.

Remuneration Philosophy

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

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 Managing Director and Chief Executive Officer (CEO), all executives who report directly to the CEO and the senior executives who report to the Managing Directors of each business unit and the heads of each corporate department. Compensation arrangements for all other executives are determined by the CEO or relevant managers having regard to guidelines determined by the CEO in consultation with the 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:

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

Ms Froggatt and Mr Hearl were appointed members of the Committee on 27 August 2009 and 26 February 2010, respectively. Mr Max Ould resigned as a member of the Committee on 23 March 2010.

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

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

A review of non-executive Director remuneration was conducted at the commencement of the 2010 financial year, having regard to market information for companies of comparable size and complexity to Goodman Fielder, the commercial expertise and experience of the Directors and the workload and responsibilities of the Chair and members of the Board and Board committees. Consistent with the prior year, total remuneration for non-executive Directors remained targeted between the market median and 75th percentile, with the Chairman's fee representing a multiple of 2.75 times the base Board fee. Committee fees were raised to reflect the increased level of work required of Committee members.

For the year ended 30 June 2010, fees paid to non-executive Directors were increased as follows:

	Chairman $		Member $	
	2009/10 Fees[1]	2008/09 Fees[1]	2009/10 Fees[1]	2008/09 Fees[1]
Board[2]	365,750[3]	357,500[3]	133,000	130,000
Audit Committee	28,000	27,000	14,000	13,500
Corporate Risk Committee	21,000	20,000	12,500	12,000
Remuneration Committee	16,000	15,000	11,000	10,000

(1) Fees are inclusive of superannuation.
(2) Board fees are not paid to Mr Margin, an executive Director, as his remuneration is paid in respect of responsibilities relating to his executive role as well as his duties as a Director of the Company.
(3) The Chairman of the Board is not entitled to any additional fees for serving on Board Committees.

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

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

The remuneration of non-executive Directors for the year ended 30 June 2010 is detailed in Table 1 on page 25.

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:

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

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 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 one quarter of the total STI award of each executive is to be deferred until September 2011 and received as shares in the Company in order to further increase alignment with longer-term shareholder interests. However, in August 2010, following review of the achievement of performance targets for the 2010 financial year, the Board exercised its discretion to approve the payment of the 2010 STI awards in cash rather than a cash/deferred share component.
	Long Term Incentive ***(LTI)***	Company shares awarded under Goodman Fielder's Performance Share Plan (PSP) on the achievement of key performance criteria over a three year performance period. The criteria are determined by the Board at the commencement of the performance period, with the objective of achieving sustainable increases in shareholder wealth over the longer term.

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

	Fixed Remuneration	**Performance-Based Remuneration**		
Role	**TFP**	**STI** ***(max)***[(1)]	**LTI** ***(max)***[(1)]	**Total Performance-Based Remuneration**
CEO	35%	35%	30%	65%
Chief Financial Officer (CFO)	54%	32%	14%	46%
Divisional MDs	50%	37%	13%	50%
Other Corporate Executives	57%	29%	14%	43%

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

The above proportions are based upon each executive's total remuneration opportunity as approved by the Board for the 2010 financial year and do not necessarily reflect the actual remuneration received by that executive in respect of the financial year.

Fixed remuneration is targeted at the market median for senior executive roles, and between the median and 75th percentile for those executives' total remuneration opportunities (the aggregate of TFP, STI and LTI for each executive). 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 remuneration which is both appropriate to the position and competitive in the market. Fixed remuneration is determined by assessing an individual's competency level and experience against the position requirements relative to the business unit/functional alignment and external market conditions. The 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 or as otherwise recommended by the CEO, such as on promotion or as a result of additional duties performed by the executive.

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

Following a review of Group, business unit and individual performance, and having regard to relevant comparative remuneration in the market and internal, and where appropriate external, advice on policies and practices, the 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.

Executives are able to participate in Goodman Fielder's General Employee Share Plan should it suit their individual circumstances. Shares are purchased on-market under the plan using salary sacrifice contributions.

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

The fixed remuneration component of the Group's key management personnel, which includes the most highly remunerated senior executives of the Company and the Group, is detailed in Table 2 on page 26.

Short Term Incentive (STI)

Objective

In addition to their TFP, certain senior executives (other than the CEO) may be entitled to receive up to 75% of their TFP by way of cash and 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 objectives. Whether incentive payments are made to executives depends on the extent to which specific operating and performance targets set at the beginning of the financial year

are met. Incentive payments are not made for achievement of risk management targets and individual performance objectives if the Group does not achieve at least the level of the previous year's net profit after tax (NPAT). The performance of each individual is assessed against their Key Performance Indicators (KPIs) for the year, and a percentage performance factor is determined based upon achievement of KPIs. The criteria used to determine an executive's cash and share entitlement under the STI plan for the year ended 30 June 2010 are set out in the table below:

		Performance Criteria			
Position	**Incentive Amount – % of TFP[4]**	**Division Financial Performance**	**Division Risk Performance and Individual Business Objectives**	**Group Financial Performance**	**Group Risk Performance and Individual Business Objectives**
CEO[1]	100%	-	-	50%	50%
CFO[1]	60%	-	-	60%	40%
Divisional MDs[2]	60% - 75%	30%	40%	30%	-
Other Corporate Executives[3]	50%	-	-	60%	40%

[1] The financial performance criteria relevant to the CEO's and CFO's STI are Group NPAT, return on capital employed (ROCE) and Group cash realisation (operating cash flow divided by (NPAT plus depreciation)).
[2] The incentive opportunity for divisional MDs is based upon divisional earnings before interest and tax (EBIT), divisional cash realisation (net free cash flow divided by normalised EBITDA) and Group NPAT.
[3] The incentive opportunity for corporate executives (other than the CFO) is based upon Group NPAT and Group cash realisation.
[4] The applicable TFP percentages include incentive opportunities for the achievement of 'stretch' targets by the CEO and divisional MDs.

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

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

Achievement of financial performance targets is confirmed once the Group's annual accounts have been audited and released to the market. Risk management performance and satisfaction of individual business objectives are confirmed through the internal assessment of achievement against performance targets at the end of the financial year. The Human Resources and Remuneration Committee recommends the total STI award to be paid to individual senior executives for approval by the Board. Cash incentive entitlements approved by the Board are paid in the month following the release of the Group's results. In July 2009 the Board approved that 75% of the total 2010 award amount was to be paid in cash and 25% by way of shares in the Company. 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 2010. Executives were to become entitled to any deferred share component of their 2010 STI in September 2011, provided they remain employed by the Group at the time of allocation of the shares.

CEO

The CEO's entitlement to a bonus payment under the STI plan is dependent upon the Group meeting key performance indicators which are established annually by the Board. The CEO must be employed by the Company on the date that the incentive is paid in order to be entitled to payment. For the 2010 financial year, the CEO was eligible to receive up to 50% of his fixed remuneration in the form of a STI for achievement of agreed financial targets or as otherwise determined by the Board. A further 50% was payable on achievement of individual business objectives as determined by the Board. Similar to other executives, 25% of the CEO's total 2010 STI award was to be deferred for a year and paid in September 2011 by way of an allocation of shares in the Company.

Vesting of 2010 Short Term Incentive Payments

Amounts paid or payable to executives who are key management personnel for short-term incentives in respect of the 2010 financial year are set out below and in Table 2 on page 26. Incentives have been paid on the basis of achievement of financial or risk performance criteria or individual performance objectives for the 2010 financial year. In August 2010, the Board approved the payment of a discretionary incentive amount to a limited number of executives who had significantly contributed to divisional financial performance during the year. The Board also exercised its discretion to pay the full amount of incentive awards in cash, rather than deferring a portion of the award for a further year.

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

	2010 Short Term Incentive		
Executive Directors	**Included in remuneration[1] ($)**	**% of total opportunity[2]**	
		% earned in year	**% forfeited in year**
P M Margin	187,500	13%	87%
Other Senior Executives			
D Clark	52,315	20%	80%
G G W Erby	-	-	100%
D K Goldsmith	86,493	20%	80%
A R Hipperson	65,423	16%	84%
P R Reidie	155,477	37%	63%
S K Roberts	23,793	6%	94%
C M S Stiff	55,000	10%	90%
J D West	49,508	20%	80%

[1] As outlined above, a minimum level of performance must have been achieved before any STI is paid. Therefore, the minimum potential value of the STI which was granted in respect of the year was nil. The maximum value of the grants under the STI is the actual amount of STI paid.
[2] 'Stretch' incentive opportunities, where applicable, are included in the determination of percentages earned/forfeited in the year.

No amounts vest in future financial years in respect of the short term incentive scheme for the 2010 financial year.

Long Term Incentive (LTI) – Share-based Payments

Objective

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

Structure

The CEO and nominated executives are eligible to receive shares in the Company over rolling three-year periods pursuant to the Performance Share Plan (PSP) approved by shareholders at the Company's 2007 Annual General Meeting. Entitlement to shares under the PSP will be subject to the Group meeting key performance criteria determined by the Board for the relevant three-year performance period. No amounts are paid or payable to the Group by executives 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. Achievement of the performance targets is measured at least twice yearly over the performance period, in conjunction with the preparation of the Group's half-year and annual financial reports.

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

Achievement of the financial performance targets is confirmed once the Group's annual financial statements have been audited and released to the market. The incentive is awarded in Goodman Fielder shares which have been purchased on-market. Entitlement to the shares is also subject to the senior executive remaining in employment with the Group at the date of allocation of the shares, which occurs following release of the Group's full year results after completion of the relevant three-year performance period.

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

Relevant % of TFP[(1)]	÷	Share price on the last trading day prior to commencement of the performance period[(2)]	=	**Number of Shares**

(1) the relevant % of TFP is 20% for all participating executives other than the CEO at 100% achievement of the PSP performance criteria. If stretch targets are achieved, the TFP percentage increases to 25% for all other participating executives. For the CEO, the relevant % of TFP under the PSP is 50% at 100% achievement of the EPS and ROCE performance criteria, rising to 62.5% for achievement of EPS and ROCE stretch performance criteria, and 25% at 100% achievement of the TSR performance criteria. Accordingly, if all targets are achieved under the PSP, the CEO's entitlement to shares would be determined based upon 87.5% of his TFP.

(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 *Guidelines for Buying and Selling Goodman Fielder Securities* adopted by the Board on 21 June 2007. Breach of the Guidelines is regarded as serious misconduct, which will be subject to appropriate sanctions. The key management personnel that are senior executives of the Group have confirmed their compliance with the requirements of these Guidelines for the year ended 30 June 2010.

PSP Performance Measures

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), applies to the 2009 and 2010 offers to the CEO under the PSP. TSR is the combined return from changes in the market value of a share and dividends paid to shareholders. 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 is measured against the performance of a comparator group of companies whose shares were included in the S&P/ASX 200 Industrials and S&P/ASX 200 Consumer Staples indices at the date of the offer. The basket of companies comprises both competitors of the Company within the consumer staples sector and other significant listed companies within the broader "industrials" market segment. A baseline was established at the commencement of the financial year against which the TSR performance of Goodman Fielder and the comparator group will be measured. The relevant TSR performance thresholds which apply to the CEO's incentive are as follows:

Goodman Fielder TSR performance measured against comparator group	Percentage of TSR Component Earned
0 to 49th percentile	Nil
50th to 74th percentile	50% - 99%
75th to 100th percentile	100%

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 if one or all criteria are not achieved.

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

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

2008 Offer – Performance Period: 1 July 2007 to 30 June 2010

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

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

As the Group did not achieve both components of the key performance criteria at the end of the three-year performance period, no shares were awarded to executives under the PSP in relation to the 2008 offer.

2009 Offer – Performance Period: 1 July 2008 to 30 June 2011

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

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

[(1)] Executives 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. Both targets must generally be met to a minimum level for shares to be allocated under the 2009 PSP offer, although the Board retains discretion to award incentives if one or both criteria are not achieved.

The CEO is also able to earn an incentive of up to 25% of his TFP on the basis of the Company's relative TSR performance.

2010 Offer – Performance Period: 1 July 2009 to 30 June 2012

Performance measures similar to those applicable to the 2009 PSP offer apply in respect of the 2010 offer. For the performance period commencing 1 July 2009, the key performance criteria are annual compound growth in EPS and achievement of target ROCE, as follows:

EPS Growth	7%	8%	9%	10%
Incentive entitlement	50%	75%	100%	125% [(1)]
ROCE	12%	13%	14%	15%
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.

The CEO is also able to earn an incentive of up to 25% of his TFP on the basis of the Company's relative TSR performance. Accordingly, if all 'stretch' targets are achieved, the CEO has a total potential incentive opportunity of 87.5% of his TFP under the 2010 PSP offer.

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.

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

As a result of this, an expense is required to be recognised for the portion of the CEO's entitlement which relates to a TSR hurdle, even though he is not entitled to these shares unless the performance criteria have been met at the end of the three year performance period. An expense has also been recognised for the portion of CEO and executive entitlements which relate to the EPS/ROCE targets under the 2010 offer, even though shares will not be allocated unless the targets have been met on completion of the performance period. 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)	**2008 Offer**	**2009 Offer**	**2010 Offer**
Estimated Fair Value of Entitlements	N/A	$0.92 per share	$0.87 per share
Total Expense Recognised over Vesting Period	N/A	$246,428	$250,000

ROCE and EPS targets (CEO and other executives)	**2008 Offer**	**2009 Offer**	**2010 Offer**
Estimated Fair Value of Entitlements	$1.90 per share	$1.28 per share	$1.54 per share
Total Expense Recognised Over Vesting Period	Nil	Nil	$3,896,724

No expense has been recognised in respect of the 2009 entitlements under the PSP in relation to the ROCE and EPS performance targets as the probability of meeting the performance hurdles has been assessed as nil.

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:

Executive Directors	**Entitlement to ordinary shares under PSP - number of shares**[(1)]	**Effective grant date**[(2)]	**Performance period ends**	**% of total opportunity: % Earned in year**	**% of total opportunity: % Forfeited in year**	**Expense recognised at 30 June 2010 $**[(3)]	**Financial year in which shares will be allocated**
P M Margin	287,356 (TSR)	15 December 2009	30 June 2012	-	-	83,333[(4)]	2012/13
	574,713 (EPS/ROCE)	15 December 2009	30 June 2012	-	-	217,577	2012/13
	267,857 (TSR)	12 December 2008	30 June 2011	-	-	82,143[(4)]	2011/12
	535,714 (EPS/ROCE)	12 December 2008	30 June 2011	-	-	-	2011/12
	288,066	22 November 2007	30 June 2010	-	100%	-	2010/11
Other Senior Executives							
D Clark	80,176	15 December 2009	30 June 2012	-	-	30,353	2012/13
	72,913	12 December 2008	30 June 2011	-	-	-	2011/12
	39,630	22 November 2007	30 June 2010	-	100%	-	2010/11
G G W Erby	104,822	15 December 2009	30 June 2012	-	-	39,684	2012/13
	94,863	12 December 2008	30 June 2011	-	-	-	2011/12
	51,078	22 November 2007	30 June 2010	-	100%	-	2010/11
D K Goldsmith	110,463	15 December 2009	30 June 2012	-	-	41,819	2012/13
	99,969	12 December 2008	30 June 2011	-	-	-	2011/12
	53,827	22 November 2007	30 June 2010	-	100%	-	2010/11
G J Hardie	118,720	12 December 2008	30 June 2011	-	100%	-	2011/12
	64,527	22 November 2007	30 June 2010	-	100%	-	2010/11
A R Hipperson	82,874	15 December 2009	30 June 2012	-	-	31,375	2012/13
	75,000	12 December 2008	30 June 2011	-	-	-	2011/12
	34,025	22 November 2007	30 June 2010	-	100%	-	2010/11
P R Reidie	83,668	15 December 2009	30 June 2012	-	-	31,675	2012/13
	67,991	12 December 2008	30 June 2011	-	-	-	2011/12
S K Roberts	86,820	15 December 2009	30 June 2012	-	-	32,869	2012/13
	78,571	12 December 2008	30 June 2011	-	-	-	2011/12
C M S Stiff	107,280	15 December 2009	30 June 2011	-	-	40,614	2011/12
J D West	75,874	15 December 2009	30 June 2012	-	-	28,725	2012/13
	69,000	12 December 2008	30 June 2011	-	-	-	2011/12
	34,461	22 November 2007	30 June 2010	-	100%	-	2010/11

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

(2) The closing price of the Company's ordinary shares on the ASX was $1.90 at 22 November 2007, $1.28 at 12 December 2008 and $1.54 at 15 December 2009.

(3) In general, the performance criteria must be achieved before any shares are allocated under the PSP, as outlined above. Therefore the minimum potential value of the entitlements under the PSP is nil. The maximum value of the entitlements under the PSP has been based on the estimated fair value of the award at the grant date. The estimated fair value of the 2009 share entitlements for the CEO and other executives which relate to the achievement of ROCE and EPS performance criteria was $1.28 per share. No expense has been recognised in respect of these entitlements under the PSP, as the current probability of meeting the performance criteria for allocation of shares to executives under the PSP has been assessed as nil. The closing share price for the Company's ordinary shares on the ASX at 30 June 2009 was $1.305 per share. The estimated fair value of the 2010 share entitlements for the CEO and other executives which relate to the achievement of ROCE and EPS performance criteria was $1.54 per share. Accounting standards require these values to be recognised over the three-year performance period relating to the awards and one-third of the total estimated value of each executive's share entitlements has been recognised in the 2010 financial year, even though the executives will not become entitled to be allocated these shares unless the performance criteria have been met at the end of the performance period. The closing share price for the Company's ordinary shares on the ASX at 30 June 2010 was $1.345 per share.

(4) The estimated fair values of the CEO's 2009 and 2010 share entitlements which relate 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 require these values to be recognised over the three-year performance period relating to the awards and one-third of the total value has been recognised in each financial year during the performance period, even though Mr Margin will not become entitled to be allocated these shares unless the performance criterion has been met at the end of the three year performance period.

Other Discretionary Payments or Benefits

During the 2010 financial year, Mr Roberts and Mr West each received a discretionary payment in recognition of their contribution towards the achievement of the Group's strategic incentives.

Mr Roberts was paid a discretionary cash bonus of $330,000 and Mr West was paid a discretionary cash bonus of $50,000 in connection with duties performed over both 2009 and 2010 and for which no incentive entitlement or payment was received during the 2009 year.

Other as set out above or in circumstances where an executive has elected to receive his or her remuneration by way of benefits instead of cash, no discretionary payments or benefits were given to Directors or senior executives during the financial period ended 30 June 2010.

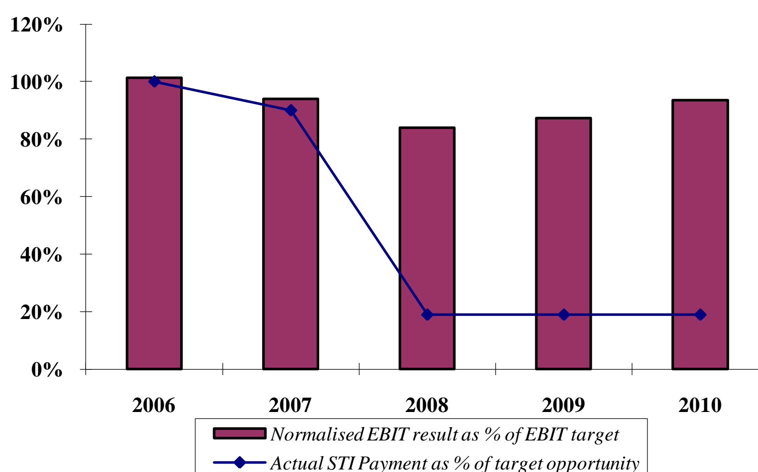
Group Performance

A significant proportion of the total remuneration opportunity of the CEO and other senior executives is 'at risk' remuneration and is aligned to Group performance. In considering the Group's performance and benefits for shareholder wealth in implementing and maintaining such incentive programs, the 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 realisation. EPS and ROCE performance are considered to be the most effective measures for determining the underlying profitability of the business and the effective deployment of assets. An additional performance measure, relative total shareholder return (TSR), was introduced in the 2009 financial year in relation to the CEO's long-term incentive, reflecting a further focus on the delivery of shareholder value against a comparator group of companies.

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

The Group's financial performance is affected by a number of significant external economic factors, including commodity and fuel prices and exchange rates, as well as factors which influence consumer spending, including interest and inflation rates. The Group experienced a highly competitive business environment throughout the year, coupled with low price inflation, and revenue was impacted by aggressive retailer discounting, as consumers tended to pursue value offerings. Despite these difficult conditions, the Fresh Baking and Dairy and Meats divisions demonstrated a steady improvement in EBITDA and EBIT in comparison to the prior year. The Asia Pacific division exhibited solid growth and performed strongly, although its full-year result was adversely affected by currency translation adjustments due to the continued strength of the Australian dollar. Consumer trends towards private label or discounted branded products impacted the revenue and earnings of the Home Ingredients division, which had a solid year in spite of these difficult conditions. The division's full year result was affected by a lengthy transition from its out-dated production facility at Mascot to a new liquid grocery plant at Erskine Park, as increased demand for its Praise salad and mayonnaise brand required both plants to be run simultaneously for an extended period to provide sufficient buffer stock during the transfer of equipment from the old to the new site. The Commercial division was impacted by continued input cost volatility during the first half of the financial year and the proposed divestment of the edible fats and oils business to Cargill, but was able to increase its value share of the market by year end and management is currently focused on restructuring and redeveloping the business to improve its profitability.

The Company's share price was adversely affected by the decision by the Australian Competition and Consumer Commission to oppose the sale of the edible fats and oils business to Cargill, and also reflected the impact of highly competitive market conditions throughout the year, which placed increased pressure on the Group's Australian and New Zealand businesses to maintain revenues and market shares. However, the Group's continued focus on optimising manufacturing efficiency, reducing logistics costs and improving cash realisation enabled it to deliver a solid result in difficult conditions and end the year in a strong position. Although reported NPAT of $161.1 million for the 2010 financial year was 8.3% below the previous year, after non-recurring costs of $22.4 million are excluded, normalised NPAT increased by 11.2%, from $165.0 million in the prior year to $183.5 million. The non-recurring costs (on an after-tax basis) comprise a $12.1 million non-cash write-down of deferred tax assets in New Zealand following regulatory changes announced by the New Zealand Government, $3.6 million of transaction costs relating to the non-completion of divestment of the Commercial fats and oils business, $6.0 million in restructuring costs, and $0.7 million in losses on asset sales. Reported EBITDA, although also impacted by those significant costs, increased by 3.3% compared with the prior year.

The Company will pay a full year dividend of 10.75 cents per share in respect of the year ended 30 June 2010, which represents a dividend payout of approximately 92% of reported net earnings. The ability to generate strong operating cash flows is an inherent feature of Goodman Fielder's business model. The Group's core business of manufacturing, marketing and selling daily fresh everyday foods generates a strong and steady flow of cash which the Group manages carefully to maintain a high dividend payout to shareholders. The Group also reinvested heavily in the business during the financial year, with both research and development investment and brand investment increasing substantially.

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

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

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

Employment Contracts

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

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

It is the Group's policy that employment arrangements with senior executives be unlimited in term, but capable of termination on notice, the length of which varies having regard to the seniority of the relevant executive, or upon their role becoming redundant. The Group must provide the CEO and direct executive reports 12 months' notice of termination or 12 months' payment 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. The CEO is required to provide six (6) months' notice of resignation.

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

Directors and Executives Remuneration (Company and Consolidated)

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

TABLE 1: REMUNERATION OF DIRECTORS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2010

		SHORT TERM BENEFITS			POST EMPLOYMENT						
A$	Year	Salary & fees	Short-term cash incentives [1]	Non-monetary[3]	Superannuation	Other post-employment benefits	Other long-term benefits[4]	Termination Benefit	Share-based payment[5]	Total[2]	Proportion of remuneration performance related (%)
Non-executive Directors											
M G Ould *Chairman*	**2010**	**351,288**	**-**	**-**	**14,461**	**-**	**-**	**-**	**-**	**365,749**	**-**
	2009	308,419	-	-	49,081	-	-	-	-	357,500	-
C J Froggatt *Director (appointed 27 August 2009)*	**2010**	**72,709**	**-**	**-**	**59,570**	**-**	**-**	**-**	**-**	**132,279**	**-**
	2009	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
S Gregg *Director (appointed 26 February 2010)*	**2010**	**52,018**	**-**	**-**	**4,682**	**-**	**-**	**-**	**-**	**56,700**	**-**
	2009	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
P R Hearl *Director (appointed 26 February 2010)*	**2010**	**48,922**	**-**	**-**	**4,403**	**-**	**-**	**-**	**-**	**53,325**	**-**
	2009	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
C A Hooke *Director*	**2010**	**159,174**	**-**	**-**	**14,326**	**-**	**-**	**-**	**-**	**173,500**	**-**
	2009	155,046	-	-	13,954	-	-	-	-	169,000	-
I D Johnston *Director*	**2010**	**144,954**	**-**	**-**	**13,046**	**-**	**-**	**-**	**-**	**158,000**	**-**
	2009	140,826	-	-	12,674	-	-	-	-	153,500	-
H E Perrett *Director*	**2010**	**161,500**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**161,500**	**-**
	2009	153,006	-	-	3,994	-	-	-	-	157,000	-
G R Walker *Director (resigned 11 December 2009)*	**2010**	**77,064**	**-**	**-**	**6,936**	**-**	**-**	**-**	**-**	**84,000**	**-**
	2009	150,000	-	-	13,500	-	-	-	-	163,500	-
Total Remuneration for Non-executive Directors	**2010**	**1,067,629**	**-**	**-**	**117,424**	**-**	**-**	**-**	**-**	**1,185,053**	**-**
	2009	907,297	-	-	93,203	-	-	-	-	1,000,500	-
Executive Directors											
P M Margin *Managing Director and CEO*	**2010**	**1,447,220**	**187,500**	**44,675**	**50,716**	**-**	**5,626**	**-**	**383,053**	**2,118,790**	**26.9%**
	2009	1,446,798	-	7,483	50,000	-	4,338	-	298,810	1,807,429	16.5%
Total Remuneration for all Directors	**2010**	**2,514,849**	**187,500**	**44,675**	**168,140**	**-**	**5,626**	**-**	**383,053**	**3,303,843**	**17.3%**
	2009	2,354,095	-	7,483	143,203	-	4,338	-	298,810	2,807,929	10.6%

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 Clark, Erby, Goldsmith, Hardie, Hipperson, Reidie, Roberts and Stiff are or were Group executives.

TABLE 2: REMUNERATION OF COMPANY AND GROUP EXECUTIVES FOR THE FINANCIAL YEAR ENDED 30 JUNE 2010

		SHORT TERM BENEFITS			POST EMPLOYMENT						
A$	Year	Salary & Fees	Short-term cash incentives (1)	Non-monetary (3)	Superannuation	Other post-employment benefits	Other long-term benefits(4)	Termination Benefits	Share-based payment(5)	Total(2)	Proportion of remuneration performance related (%)
D Clark	**2010**	**456,951**	**52,315**	**18,199**	**48,000**	**-**	**1,818**	**-**	**30,353**	**607,636**	**13.6%**
Group Human Resources Director	2009	391,572	37,944	45,216	95,667	-	1,316	-	-	571,715	6.6%
G G W Erby	**2010**	**630,799**	**-**	**2,447**	**50,716**	**-**	**19,842**	**-**	**39,684**	**743,488**	**5.3%**
Managing Director, GF Home Ingredients	2009	611,788	270,291	2,254	50,000	-	30,611	-	-	964,944	28.0%
D K Goldsmith	**2010**	**672,928**	**86,493**	**46,868**	**45,397**	**-**	**1,589**	**-**	**41,819**	**895,094**	**14.3%**
Chief Financial Officer	2009	596,910	75,576	2,254	100,616	-	1,165	-	-	776,521	9.7%
G J Hardie(7)	**2010**	**148,469**	**-**	**2,261**	**2,629**	**-**	**-**	**901,816**	**-**	**1,055,175**	**-%**
Managing Director, GF Fresh Baking	2009	828,235	29,917	5,968	13,745	-	-	-	-	877,865	3.4%
A R Hipperson	**2010**	**515,650**	**65,423**	**10,186**	**22,592**	**-**	**23,763**	**-**	**31,375**	**668,989**	**14.5%**
Managing Director, GF Asia Pacific	2009	479,397	207,711	17,687	43,349	-	6,778	-	-	754,922	27.5%
P R Reidie(8)	**2010**	**526,041**	**155,477**	**2,784**	**21,042**	**-**	**180**	**-**	**31,675**	**737,199**	**25.4%**
Managing Director, GF Fresh Dairy & Meats	2009	488,783	49,421	31,334	19,551	-	98	-	-	589,187	8.4%
S K Roberts	**2010**	**496,783**	**353,793(9)**	**23,153**	**46,564**	**-**	**681**	**-**	**32,869**	**953,843**	**40.5(9)%**
Managing Director, GF Commercial	2009	340,998	**-**	44,063	37,266	-	59	-	-	422,386	-%
C M S Stiff(6)	**2010**	**442,716**	**55,000**	**34,551**	**16,307**	**-**	**71**	**-**	**40,614**	**589,259**	**16.2%**
Managing Director, GF Fresh Baking	2009	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
J D West	**2010**	**470,016**	**99,508(9)**	**2,447**	**22,611**	**-**	**4,278**	**-**	**28,725**	**627,585**	**20.4(9)%**
Company Secretary & Group General Counsel, Group Commercial Director	2009	433,668	-	3,755	47,079	-	3,205	-	-	487,707	-%
Total Remuneration for Executives	**2010**	**4,360,353**	**868,009**	**142,896**	**275,858**	**-**	**52,222**	**901,816**	**277,114**	**6,878,268**	**16.6%**
	2009	4,171,351	670,860	152,531	407,273	**-**	43,232	-	-	5,445,247	12.3%

(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 Mr Margin's LTI entitlements in 2009 and 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 2009 include a third of the value of entitlements under Mr Margin's 2007 LTI ($216,667) and a third of the value of his entitlement under the Performance Share Plan in relation to the TSR performance target ($82,143). No remuneration amounts are included for 2009 in relation to CEO and executive entitlements to be allocated shares under the Performance Share Plan in relation to the EPS and ROCE measures, as the notional value of those incentives is nil, based upon the current assessed probability of achievement of the performance targets. The amounts set out above for 2010 for Mr Margin include a third of the value of his entitlements under the 2009 and 2010 offers under the Performance Share Plan in relation to the relative 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). The amounts for the other executives represent a third of the value of their entitlements under the 2010 offer in respect of the EPS/ROCE performance targets.

(6) Comparative information has not been provided for Mr Stiff as he was not a member of the key management personnel of the Group for the year ended 30 June 2009. Mr Stiff joined the Group as Managing Director, GF Fresh Baking on 2 November 2009.

(7) Mr Hardie ceased employment with Goodman Fielder Limited effective 4 September 2009.

(8) Remuneration for Mr Reidie is payable in currencies other than Australian dollars and for the purposes of disclosure has been converted to Australian dollars at the rate of A$1.00/NZ$1.2423.

(9) Short-term cash incentives for Messrs Roberts and West include discretionary bonuses paid during the 2010 financial year 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.

Non – Audit Services

During the period ended 30 June 2010, 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 33 to the consolidated financial statements.

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

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

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

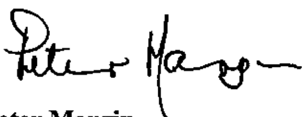
- all non-audit services were subject to the corporate governance procedures adopted by the Company and have been reviewed by the Audit Committee to ensure they did not impact the integrity and objectivity of the auditor; and
- the non-audit services provided by KPMG do not undermine the general principles relating to auditor independence as set out in APES 110 *Code of Ethics for Professional Accountants*, as they did not involve 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 29 and forms part of this Report.

Rounding of Amounts

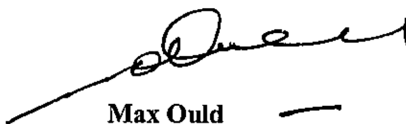
Goodman Fielder Limited is a company of the kind referred to in ASIC Class Order 98/100 (as amended) and in accordance with that Class Order amounts in the financial report and in this Directors' Report have been rounded to the nearest tenth of a million dollars, unless otherwise shown.

This report has been made in accordance with a resolution of the Directors of the Company.



Peter Margin
Managing Director and Chief Executive Officer

19 August 2010



Max Ould
Chairman

19 August 2010

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

To: the directors of Goodman Fielder Limited

I declare that, to the best of my knowledge and belief, in relation to the audit for the financial year ended 30 June 2010 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

19 August 2010

KPMG, an Australian partnership and a member firm of the KPMG network
of independent member firms affiliated with KPMG International, a Swiss cooperative.

	Notes	**2010** *$m*	2009[1] *$m*
Revenue			
Sale of goods		**2,660.1**	2,848.6
Other income	5	**4.7**	24.8
Cost of sales		**(1,672.1)**	(1,881.7)
Warehousing and distribution expenses		**(353.2)**	(366.1)
Selling and marketing expenses		**(177.8)**	(177.1)
General and administration expenses[2]		**(137.7)**	(131.0)
Expenses, excluding finance costs		**(2,340.8)**	(2,555.9)
Net financing costs	6	**(86.5)**	(90.7)
Profit before income tax		**237.5**	226.8
Income tax expense	7	**(71.7)**	(45.5)
Profit for the year		**165.8**	181.3
Attributable to:			
Equity holders of Goodman Fielder Limited		**161.1**	175.7
Minority interests		**4.7**	5.6
Profit for the year		**165.8**	181.3
		Cents	*Cents*
Earnings per share for profit attributable to the ordinary equity holders of Goodman Fielder Limited:			
Basic earnings per share	43	**11.7**	13.2
Diluted earnings per share	43	**11.7**	13.2

[1] The 2009 comparatives have been restated to reflect the accounting policy change as a result of adopting revised AASB 138 *Intangibles*, as detailed in note 1(a)(i) and to reclassify results from discontinued operations back into continuing operations.

[2] Refer to note 1(ab).

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

	Notes	**2010** **$m**	2009[1] $m
Profit for the year		**165.8**	181.3
Other comprehensive income (net of tax effect)			
Foreign exchange translation differences		**(3.7)**	13.2
Changes in the fair value of cash flow hedges		**5.2**	(40.6)
Exchange differences on minority interest		**(0.8)**	1.1
Other comprehensive income for the year, net of tax		**0.7**	(26.3)
Total comprehensive income for the year		**166.5**	155.0
Attributable to:			
Owners of Goodman Fielder Limited		**161.8**	149.4
Minority interests		**4.7**	5.6
Total comprehensive income for the year		**166.5**	155.0

[1] The 2009 comparatives have been restated to reflect the accounting policy change as a result of adopting revised AASB 138 *Intangibles*, as detailed in note 1(a)(i) and to reclassify results from discontinued operations back into continuing operations.

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

	Notes	**2010** **$m**	2009[1] $m
ASSETS			
Current assets			
Cash and cash equivalents	9	**73.3**	65.4
Trade and other receivables	10	**247.4**	275.6
Inventories	11	**166.1**	130.6
Derivative financial instruments	12	**0.1**	0.7
Current tax receivable		**16.0**	8.2
Other current assets	14	**6.5**	5.0
Assets classified as held for sale	13	**-**	140.8
Total current assets		**509.4**	626.3
Non-current assets			
Receivables	15	**5.3**	5.1
Investments in jointly controlled entities	16	**1.8**	-
Derivative financial instruments	12	**-**	1.6
Property, plant and equipment	17	**602.5**	492.7
Deferred tax assets	18	**54.7**	100.7
Intangible assets	19	**1,906.1**	1,866.2
Other non-current assets	20	**2.2**	1.4
Total non-current assets		**2,572.6**	2,467.7
Total assets		**3,082.0**	3,094.0
LIABILITIES			
Current liabilities			
Trade and other payables	22	**297.9**	284.2
Borrowings	23	**691.7**	1.3
Derivative financial instruments	12	**19.0**	36.4
Current tax liabilities		**13.1**	5.4
Provisions	25	**50.9**	52.3
Liabilities classified as held for sale	13	**-**	6.9
Total current liabilities		**1,072.6**	386.5
Non-current liabilities			
Borrowings	26	**297.1**	1,063.5
Derivative financial instruments	12	**13.9**	7.6
Deferred tax liabilities	27	**16.5**	11.0
Provisions	28	**13.9**	7.7
Total non-current liabilities		**341.4**	1,089.8
Total liabilities		**1,414.0**	1,476.3
Net assets		**1,668.0**	1,617.7
EQUITY			
Contributed equity	29	**1,812.2**	1,771.9
Reserves	30(a)	**(210.8)**	(214.0)
Retained profits	30(b)	**57.4**	50.1
Capital and reserves attributable to the owners of Goodman Fielder Limited		**1,658.8**	1,608.0
Minority interests		**9.2**	9.7
Total equity		**1,668.0**	1,617.7

[1] The 2009 comparatives have been restated to reflect the accounting policy change as a result of adopting revised AASB 138 *Intangibles*, as detailed in note 1(a)(i).

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

		Attributable to owners of Goodman Fielder Limited and its controlled entities							
	Notes	Contributed equity $m	Hedging reserve $m	Foreign currency translation reserve $m	Share based payment reserve $m	Retained earnings $m	Total $m	Minority interests $m	Total equity $m
Balance at 1 July 2008		**1,740.8**	**8.8**	**(195.4)**	**-**	**37.3**	**1,591.5**	**8.1**	**1,599.6**
Impact of adopting revised AASB 138		-	-	-	-	(1.8)	(1.8)	-	(1.8)
Restated total equity at the beginning of the financial year		**1,740.8**	**8.8**	**(195.4)**	**-**	**35.5**	**1,589.7**	**8.1**	**1,597.8**
Total comprehensive income for the year		-	-	13.2	-	175.7	188.9	5.6	194.5
Effective changes in fair value of interest rate derivatives, net of tax	30	-	(33.2)	-	-	-	(33.2)	-	(33.2)
Effective changes in fair value of foreign currency derivatives, net of tax	30	-	23.8	-	-	-	23.8	-	23.8
Effective changes in fair value of commodity price derivatives, net of tax	30	-	4.6	-	-	-	4.6	-	4.6
Transfer to income statement, net of tax	30	-	(2.4)	-	-	-	(2.4)	-	(2.4)
Transfer to inventory and other assets, net of tax		-	(33.4)	-	-	-	(33.4)	-	(33.4)
Exchange differences on minority interests		-	-	-	-	-	-	1.1	1.1
Total comprehensive income for the year		**-**	**(40.6)**	**13.2**	**-**	**175.7**	**148.3**	**6.7**	**155.0**
Transactions with owners in their capacity as owners:									
Dividends paid to shareholders	30	-	-	-	-	(159.0)	(159.0)	(5.1)	(164.1)
Dividend reinvestment plan		29.7	-	-	-	-	29.7	-	29.7
Less: Transaction costs associated with DRP		(0.1)	-	-	-	-	(0.1)	-	(0.1)
Other movements - treasury shares		1.5	-	-	-	-	1.5	-	1.5
Other movements	30	-	-	-	-	(2.1)	(2.1)	-	(2.1)
		31.1	-	-	-	(161.1)	(130.0)	(5.1)	(135.1)
Balance at 30 June 2009		**1,771.9**	**(31.8)**	**(182.2)**	**-**	**50.1**	**1,608.0**	**9.7**	**1,617.7**

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

		Attributable to owners of Goodman Fielder Limited and its controlled entities							
	Notes	**Contributed equity** *$m*	**Hedging reserve** *$m*	**Foreign currency translation reserve** *$m*	**Share based payment reserve** *$m*	**Retained earnings** *$m*	**Total** *$m*	**Minority interests** *$m*	**Total equity** *$m*
Balance at 1 July 2009		**1,771.9**	**(31.8)**	**(182.2)**	**-**	**50.1**	**1,608.0**	**9.7**	**1,617.7**
Total comprehensive income for the year		-	-	(3.7)	-	161.1	157.4	4.7	162.1
Effective changes in fair value of interest rate derivatives, net of tax	30	-	(13.4)	-	-	-	(13.4)	-	(13.4)
Effective changes in fair value of foreign currency derivatives, net of tax	30	-	(6.7)	-	-	-	(6.7)	-	(6.7)
Effective changes in fair value of commodity price derivatives, net of tax	30	-	1.3	-	-	-	1.3	-	1.3
Effective changes in fair value of cross currency interest rate derivatives, net of tax	30	-	(1.3)	-	-	-	(1.3)	-	(1.3)
Transfer to income statement, net of tax	30	-	17.5	-	-	-	17.5	-	17.5
Transfer to inventory and other assets, net of tax	30	-	7.8	-	-	-	7.8	-	7.8
Exchange differences on minority interests		-	-	-	-	-	-	(0.8)	(0.8)
Total comprehensive income for the year		**-**	**5.2**	**(3.7)**	**-**	**161.1**	**162.6**	**3.9**	**166.5**
Transactions with owners in their capacity as owners:									
Dividends paid to shareholders	30	-	-	-	-	(153.8)	(153.8)	(4.4)	(158.2)
Dividend reinvestment plan issues		40.3	-	-	-	-	40.3	-	40.3
Share based payment transactions		-	-	-	1.7	-	1.7	-	1.7
		40.3	-	-	1.7	(153.8)	(111.8)	(4.4)	(116.2)
Balance at 30 June 2010		**1,812.2**	**(26.6)**	**(185.9)**	**1.7**	**57.4**	**1,658.8**	**9.2**	**1,668.0**

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

	Notes	**2010** **$m**	2009 $m
Cash flows from operating activities			
Receipts from customers		**2,852.1**	3,011.1
Payments to suppliers and employees		**(2,414.0)**	(2,601.7)
Interest received		**2.4**	3.9
Interest paid		**(95.8)**	(87.6)
Income taxes paid		**(25.0)**	(40.6)
Net cash inflow from operating activities	40	**319.7**	285.1
Cash flows from investing activities			
Payments for property, plant and equipment		**(102.2)**	(93.6)
Proceeds from sale of property, plant and equipment		**16.5**	19.3
Proceeds from sale of brands		**-**	9.4
Proceeds from sale of business		**1.9**	-
Net cash outflow from investing activities		**(83.8)**	(64.9)
Cash flows from financing activities			
Proceeds from borrowings		**1,038.2**	758.6
Repayment of borrowings		**(1,142.0)**	(814.8)
Finance lease payments		**(0.9)**	(1.5)
Dividends paid (net of Dividend Reinvestment Plan)	31	**(113.3)**	(129.4)
Dividends paid to outside equity interests		**(4.4)**	(5.1)
Payment of deferred consideration		**(3.3)**	(3.3)
Net cash outflow from financing activities		**(225.7)**	(195.5)
Net increase in cash and cash equivalents		**10.2**	24.7
Cash and cash equivalents at the beginning of the financial year		**65.4**	39.3
Effects of exchange rate changes on cash and cash equivalents		**(2.3)**	1.4
Cash and cash equivalents at end of year	9	**73.3**	65.4
Non-cash financing activities	41		

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 19 August 2010.

(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.

Change in accounting policy

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 has resulted in changes to the Group's accounting policies in the following areas:

- Business combinations - revised AASB 3 *Business Combinations* and amended AASB 127 *Consolidated and Separate Financial Statements*
- Direct marketing costs - revised AASB 138 *Intangible Assets* and changes made by AASB 2008-5 *Amendments to Australian Accounting Standards - Annual Improvements Project*
- Segments - new AASB 8 *Operating Segments* and changes made by AASB 2008-5
- Presentation of Financial Statements - revised AASB 101 *Presentation of Financial Statements*

Business combinations

The Group has adopted revised AASB 3 *Business Combinations (2008)* and amended AASB 127 *Consolidated and Separate Financial Statements (2008)* for business combinations occurring in the financial year beginning 1 July 2009. The change in accounting policy is applied prospectively and had no impact on the 30 June 2010 financial statements.

Direct marketing costs

On 1 July 2009, the Group adopted an amendment to AASB 138 *Intangible Assets* included in AASB 2008-5 *Amendments to Australian Accounting Standards - Annual Improvements Project*. Under the new accounting policy, direct marketing costs are expensed when contracted services have been delivered or completed. Previously, direct marketing costs had been recognised as a prepayment and would be expensed to the income statement when the project or campaign was launched to customers.

The change in accounting policy has been applied retrospectively and has resulted in a $2.5m decrease in other current assets, a decrease in retained earnings of $1.8m and an increase in deferred tax assets of $0.7m as at 1 July 2008. Applying the new accounting policy for the 30 June 2009 comparative period results in a $2.0m increase in Selling and Marketing expenses and a decrease in tax expense of $0.6m. The change had no material impact on earnings per share.

Operating segments

As of 1 July 2009, the Group determines and presents operating segments based on the information that internally is provided to the CEO, who is the Group's chief operating decision maker. This change in accounting policy is due to the adoption of AASB 8 *Operating Segments*. Previously operating segments were determined and presented in accordance with AASB 114 *Segment Reporting*. The change in accounting policy has had no effect on the segment information presented at 30 June 2010. The new accounting policy in respect of segment operating disclosures is presented as follows.

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. All operating segments' operating results are reviewed regularly by the Group's CEO to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

Segment results that are reported to the CEO include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly corporate assets (primarily the Group's headquarters), head office expenses, and income tax assets and liabilities.

Comparative segment information has been re-presented in conformity with the transitional requirements of such standard. Since the change in accounting policy only impacts presentation and disclosure aspects, there is no impact on earnings per share.

1. Summary of significant accounting policies (continued)

(a) Basis of preparation (continued)

Presentation of financial statements

The Group has applied revised AASB 101 *Presentation of Financial Statements (2007)*, which became effective as of 1 July 2009. As a result, the Group presents in the statement of changes in equity all owner changes in equity, whereas all non-owner changes in equity are presented in the statement of comprehensive income.

Comparative information has been re-presented so it is in conformity with the revised standard. Since the change in accounting policy only impacts presentation aspects, there is no impact on earnings per share.

(ii) Basis of measurement

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

- derivative financial instruments are measured at fair value.

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

(iii) Accounting judgements, estimates and assumptions

The preparation of financial statements in conformity with Australian equivalents to International Financial Reporting Standards (AIFRS) requires the use of certain accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 3.

(b) Principles of consolidation

(i) Reverse acquisition accounting

Under AIFRS the formation of the Goodman Fielder Group has been accounted for as a business combination.

In applying the requirements of AASB 3 Business Combinations to the Group, the following relationships were established:

- Goodman Fielder Limited (GFL) is the legal parent entity of the Group and presents financial information; and
- Goodman Fielder Consumer Foods Pty Limited (GFCF), which is neither the legal parent nor legal acquirer, is deemed to be the accounting parent of the Group.

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

The impact on equity of treating the formation of the Group as a reverse acquisition is discussed in more detail in note 29.

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 de-consolidated from the date that control ceases.

The acquisition method of accounting is used to account for the acquisition of subsidiaries by the Group (refer to note 1(h)).

Intercompany transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

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

(iii) Jointly controlled entities

In the 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 39.

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

(iv) Net current liabilities

As at 30 June 2010 the Group has net current liabilities of $563.2m (2009: net current assets of $239.8m). This is primarily due to the $691.3m of drawn debt maturing in November 2010. This debt will be fully refinanced in September 2010 using committed debt facilities. Refer note 26(e) for further details.

1. Summary of significant accounting policies (continued)

(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 ruling at that date. Foreign exchange differences arising on translation are recognised in the income statement. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated to Australian dollars at foreign exchange rates ruling at the dates the fair value was determined.

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

(iii) Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on consolidation, are translated to Australian dollars at foreign exchange rates ruling at the balance sheet date. The revenues and expenses of foreign operations are translated to Australian dollars at rates approximating the foreign exchange rates ruling at the dates of the transactions. Foreign exchange differences arising on translation are recognised directly in a separate component of equity, the foreign currency translation reserve.

(e) Derivatives

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

The fair values of various derivative financial instruments used for hedging purposes are disclosed in note 12. Movements in the hedging reserve in shareholders' equity are shown in note 30. The full fair value of a hedging derivative is classified as a 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.

1. Summary of significant accounting policies (continued)

(e) Derivatives (continued)

(ii) Cash flow hedge

Where a derivative financial instrument is designated as a hedge of the variability in cash flows of a recognised asset or liability, or a highly probable forecasted transaction, the effective part of any gain or loss on the derivative financial instrument is recognised directly in 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 the 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 other comprehensive income 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.

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

	Straight-line	***Diminishing value***
• Freehold buildings	2% - 5%	4% - 6%
• Leasehold improvements	The shorter of the lease term or the life of the leasehold asset	
• Plant and equipment	4% - 60%	4% - 50%
• 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 carrying amount. These are included in the income statement.

(h) Business combinations

All business combinations are accounted for by applying the acquisition method which includes the reverse acquisition method described in note 1(b). Cost is measured as the fair value of the assets given, shares issued or liabilities incurred or assumed at the date of exchange plus costs directly attributable to the acquisition.

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

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

1. Summary of significant accounting policies (continued)

(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 balance sheet date.

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

1. Summary of significant accounting policies (continued)

(j) Impairment of assets

(ii) Reversals of impairment

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

An impairment loss in respect of goodwill is not reversed.

(k) Revenue recognition

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

(i) Sale of goods

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

(ii) Interest income

Interest income is recognised as it accrues, using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

(iii) Dividends

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

(l) Income tax

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

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

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

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Additional income taxes that arise from the distribution of dividends are recognised at the same time as the liability to pay the related dividend.

(i) Tax consolidation

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

(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.

1. Summary of significant accounting policies (continued)

(l) Income tax (continued)

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

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

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

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

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

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

A discontinued operation is a component of the entity that has been disposed of or is classified as held-for-sale and that represents a separate major line of business or geographical area of operations, is part of a single co-ordinated plan to dispose of such a line of business or area of operations, or is a subsidiary acquired exclusively with a view to resale.

(n) Leases

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

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

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

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

(o) Cash and cash equivalents

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

(p) Trade and other receivables

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

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

1. Summary of significant accounting policies (continued)

(p) Trade and other receivables (continued)

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

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

De-recognition of securitised receivables

Securitised receivables are derecognised when:

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

(q) Inventories

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

(r) Interest-bearing borrowings

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

Interest-bearing borrowings are derecognised when the obligation under the liability is discharged or cancelled or expires.

(s) Finance costs

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

(t) Provisions

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

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

(i) Workers' compensation

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

(ii) Business closure and rationalisation

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

1. Summary of significant accounting policies (continued)

(t) Provisions (continued)

(iii) Onerous contracts

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

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

(u) Employee benefits

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

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

(v) Share-based payments

Equity settled transactions

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

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

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

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

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

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

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

(w) Contributed equity

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

(x) Earnings per share

(i) Basic earnings per share

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

1. Summary of significant accounting policies (continued)

(x) Earnings per share (continued)

(ii) Diluted earnings per share

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

(y) Dividends

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

(z) Financial guarantee contracts

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

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

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

(aa) Goods and services tax (GST)

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

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

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

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

(ab) Prior year comparatives

Prior year comparatives for 'Other expenses' in the income statement have been reclassified to 'General and administration expenses' to better reflect the nature of those costs. As a result 'Other expenses' disclosed in the comparative year amounting to $33.2m which consists of human resource, information technology and amortisation expenses have been reclassified to 'General and administration expenses.'

(ac) Rounding of amounts

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

(ad) New accounting standards and interpretations not yet adopted

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 2010, but have not been applied in preparing this financial report:

(i)* AASB 2009-5 *Further amendments to Australian Accounting Standards arising from the Annual Improvements Process

AASB 2009-5 affects various AASBs resulting in minor changes for presentation, disclosure, recognition and measurement purposes. The amendments, which become mandatory for the Group's 30 June 2011 financial statements, are not expected to have a significant impact on the financial statements.

(ii)* AASB 2009-8 *Amendments to Australian Accounting Standards - Group Cash-Settled Share-based Payment Transactions

AASB 2009-8 resolves diversity in practice regarding the attribution of cash-settled share-based payments between different entities within a group. As a result of the amendments AI 8 *Scope of AASB 2* and AI 11 *AASB 2 - Group and Treasury Share Transactions* will be withdrawn from the application date. The amendments, which become mandatory for the Group's 30 June 2011 financial statements, are not expected to have a significant impact on the financial statements.

1. Summary of significant accounting policies (continued)

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

(iii) AASB 2009-10 *Amendments to Australian Accounting Standards - Classification of Rights Issues [AASB 132]* (October 2010)

The amendments clarify that rights, options or warrants to acquire a fixed number of an entity's own equity instruments for a fixed amount in any currency are equity instruments if the entity offers the rights, options or warrants pro-rata to all existing owners of the same class of its own non-derivative equity instruments. The amendments, which will become mandatory for the Group's 30 June 2011 financial statements, are not expected to have any impact on the financial statements.

(iv) AASB 9 *Financial Instruments*

AASB 9 *Financial Instruments* includes requirements for the classification and measurement of financial assets resulting from the first part of Phase 1 of the project to replace AASB 139 *Financial Instruments: Recognition and Measurement*. AASB 9 will become mandatory for the Group's 30 June 2014 financial statements. Retrospective application is generally required, although there are exceptions, particularly if the Group adopts the standard for the year ended 30 June 2012 or earlier. The Group has not yet determined the potential effect of the standard.

(v) Revised AASB 124 *Related Party Disclosures*

Revised AASB 124 *Related Party Disclosures* (revised December 2009) simplifies and clarifies the intended meaning of the definition of a related party and provides a partial exemption from the disclosure requirements for government-related entities. The amendments, which will become mandatory for Group's 30 June 2012 financial statements, are not expected to have any impact on the financial statements.

(vi) AASB 2009-14 *Amendments to Australian Interpretation - Prepayments of a Minimum Funding Requirement - AASB 14*

The standard makes amendments to Interpretation 14 AASB 119 *The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction* removing an unintended consequence arising from the treatment of the prepayments of future contributions in some circumstances when there is a minimum funding requirement. The amendments will become mandatory for the Group's 30 June 2012 financial statements, with retrospective application required. The amendments are not expected to have any impact on the Group's financial statements.

(vii) IFRIC 19 *Extinguishing financial liabilities with equity instruments*

AASB Interpretation 19 addresses the accounting by an entity when the terms of a financial liability are renegotiated and result in the entity issuing equity instruments to a creditor of the entity to extinguish all or part of the financial liability. IFRIC 19 will become mandatory for the Group's 30 June 2011 financial statements, with retrospective application required. The Group has not yet determined the potential effect of the interpretation.

(ae) Parent entity financial information

The financial information for the parent entity, Goodman Fielder Limited, disclosed in note 44 has been prepared on the same basis as the financial statements, except as set out below.

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

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

(ii) Tax consolidation legislation

Goodman Fielder Limited and its wholly owned Australian controlled entities have 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.

1. Summary of significant accounting policies (continued)

(ae) Parent entity financial information (continued)

(ii) Tax consolidation legislation (continued)

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.

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:

	2010	2009
	$m	*$m*
Financial assets		
Cash and cash equivalents	**73.3**	65.4
Trade and other receivables	**252.7**	280.7
Derivative financial instruments	**0.1**	2.3
	326.1	348.4
Financial liabilities		
Trade and other payables	**297.9**	284.2
Borrowings	**988.8**	1,064.8
Derivative financial instruments	**32.9**	44.0
	1,319.6	1,393.0

(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).

2. Financial risk management (continued)

(b) Liquidity risk

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

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

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

Maturities of financial liabilities

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

2010	**1 year or less**	**Over 1 to 5 years**	**Over 5 years**	**Total contractual cash flows**	**Carrying amount liabilities**
	$m	*$m*	*$m*	*$m*	*$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 derivative	**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**

2009	1 year or less	Over 1 to 5 years	Over 5 years	Total contractual cash flows	Carrying amount liabilities
	$m	*$m*	*$m*	*$m*	*$m*
Trade and other payables	284.2	-	-	284.2	284.2
Borrowings	31.5	1,093.1	-	1,124.6	1,064.8
Commodity derivatives	17.7	-	-	17.7	-
Foreign exchange derivatives					
- (inflow)	(126.2)	-	-	(126.2)	-
- outflow	135.5	-	-	135.5	9.3
Interest rate derivatives	27.7	53.9	3.6	85.2	32.4
	370.4	1,147.0	3.6	1,521.0	1,390.7

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

Goodman Fielder Limited has a A$700m syndicated bank debt facility maturing in November 2010.

This facility will be fully re-financed in September 2010 via:

- A$420m forward-starting 3-year syndicated bank debt facility that was completed and signed in October 2009, but will commence in September 2010; and
- A$350m 10-year US private placement notes that were completed and signed in July 2010 but with a deferred settlement of September 2010.

2. Financial risk management (continued)

(c) Market risk

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

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

(i) Foreign currency risk

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

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

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

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

	2010	2009
	$	*$*
New Zealand Dollar (NZD)	**1.2254**	1.2513
United States Dollar (USD)	**0.8486**	0.8021
Papua New Guinea Kina (PGK)	**2.3605**	2.0942
Fiji Dollar (FJD)	**1.6639**	1.6493
Central Pacific Franc (XPF)	**82.9600**	68.3900

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

2010	**NZD**	**USD**	**PGK**	**FJD**	**XPF**	**Other**
	$m	***$m***	***$m***	***$m***	***$m***	***$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)**	**-**

2009	NZD	USD	PGK	FJD	XPF	Other
	$m	*$m*	*$m*	*$m*	*$m*	*$m*
Cash and cash equivalents	9.8	0.5	16.1	4.7	2.2	5.1
Trade and other receivables	51.4	6.1	11.6	7.3	3.7	9.7
Trade and other payables	(82.0)	(1.1)	(4.0)	(5.7)	(2.0)	(5.9)
Borrowings	(460.4)	-	-	-	(0.5)	-
Forward exchange contracts						
- buy foreign currency	0.8	106.9	-	-	-	1.2
- sell foreign currency	(25.6)	(14.9)	(0.8)	-	(0.1)	-

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 2010 Weighted average interest rate		30 June 2009 Weighted average interest rate	
	%	*$m*	*%*	*$m*
Cash and cash equivalents	**2.79**	**73.3**	3.01	65.4
Bank loans	**6.40**	**(0.3)**	5.01	(0.5)
Unsecured bank facility	**4.70**	**(986.1)**	3.81	(1,062.6)
Lease liabilities	**3.57**	**(2.4)**	3.46	(1.7)
Cross currency interest rate derivative				
- Receive fixed rate	**4.81**	**353.5**	-	-
- Pay fixed rate	**7.90**	**(352.5)**	-	-
Interest rate swaps (notional principal amounts)				
- Receive floating rate	**3.87**	**1,076.9**	3.05	1,216.0
- Pay fixed rate	**6.31**	**(1,102.8)**	6.06	(1,248.4)
Net exposure to cash flow interest rate risk		**(940.4)**		(1,031.8)

2. Financial risk management (continued)

(c) Market risk (continued)

(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.

2010	**Foreign currency risk[1]**				**Interest rate risk[2]**				**Commodity price risk[3]**			
	-10%		**+10%**		**-100bps**		**+100bps**		**-10%**		**+10%**	
	Profit *$m*	**Equity** *$m*	**Profit** *$m*	**Equity** *$m*	**Profit** *$m*	**Equity** *$m*	**Profit** *$m*	**Equity** *$m*	**Profit** *$m*	**Equity** *$m*	**Profit** *$m*	**Equity** *$m*
Cash and cash equivalents	**-**	**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**

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

[1]The foreign currency sensitivity above represents a 10% decrease and increase in spot foreign exchange rates.
[2]The interest rate sensitivity above represents a 100 basis point decrease and increase in variable interest rates after reflecting year end hedge positions.
[3]The commodity price sensitivity above represents a 10% decrease or increase in spot commodity prices.
[4]The interest rate sensitivity for borrowings includes the impact of interest rate swaps.

(d) Capital management

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

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

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 issued 40.5m (2009: 30.1m) new ordinary shares pursuant to its dividend reinvestment plan. Further details are set out in note 29.

(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.

As of 1 July 2009, 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).

2. Financial risk management (continued)

(e) Fair value measurements (continued)

The following table presents the Group's assets and liabilities measured and recognised at fair value at 30 June 2010. Comparative information has not been provided as permitted by the transitional provisions of the new rules.

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 19.

(ii) Fair value accounting for acquisitions

The amounts recognised on the acquisition of businesses initially represent provisional assessments of the fair values of assets and liabilities acquired. These amounts are finalised within 12 months from the respective dates for each acquisition in accordance with the requirements of AASB 3. There were no business combinations in the year ended 30 June 2010.

(iii) Utilisation of tax losses/ credits

The Group is subject to income taxes in Australia and jurisdictions where it has foreign operations. Significant judgement is required in determining the worldwide income tax provision and receivable. The Group has recognised an income tax receivable relating to carried forward tax losses, foreign investor tax credits and tax prepayment in prior years to the extent there are sufficient taxable temporary differences relating to the same taxation authority and the same subsidiary against which the unused tax losses can be utilised. Utilisation of tax losses also depends on the ability of the entity to satisfy certain tests at the time the losses are recouped. The total carry forward tax receivable that is subject to the shareholder continuity test is expected to be utilised in 1 year and the revenue tax losses recognised as deferred tax assets are expected to be utilised in 4 years.

(iv) Financial instruments

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

4. Segment information

(a) Description of segments

The primary reporting format for the Group is operating segments.

Operating segments

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

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

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

The Asia Pacific business is a leading manufacturer and supplier of oil, flour, stockfeed, processed chicken and snack foods in China, Papua New Guinea, Fiji, and New Caledonia. The Group also exports to these countries.

Commercial is the largest supplier of edible fats and oils to the Australasian food industry and flour to the New Zealand food industry.

Geographical segments

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

Australia

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

New Zealand

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

Asia Pacific

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

4. Segment information (continued)

(b) Operating segments

2010	Fresh Baking *$m*	Fresh Dairy *$m*	Home Ingredients *$m*	Asia Pacific *$m*	Commercial *$m*	Total *$m*
Segment revenue						
Sales to external customers	986.1	441.1	496.8	305.6	430.5	2,660.1
Intersegment sales	21.1	13.4	4.5	4.8	312.0	355.8
Total segment revenue	**1,007.2**	**454.5**	**501.3**	**310.4**	**742.5**	**3,015.9**
Intersegment elimination						(355.8)
Other income						4.7
Total revenue						**2,664.8**
Segment result						
EBITDA before asset sales, restructuring costs and transaction costs	158.5	60.8	99.3	58.2	40.7	417.5
Depreciation and amortisation expense	(23.4)	(12.1)	(11.5)	(3.4)	(10.3)	(60.7)
EBIT before asset sales, restructuring costs and transaction costs	135.1	48.7	87.8	54.8	30.4	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	**132.1**	**48.2**	**87.8**	**54.4**	**24.0**	**346.5**
Net unallocated depreciation and amortisation expense						(0.6)
Net unallocated transaction costs						(4.0)
Net unallocated expenses						(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	**1,368.1**	**593.4**	**464.7**	**274.6**	**298.8**	**2,999.6**
Intersegment elimination						(49.5)
Unallocated assets						131.9
Total assets						**3,082.0**
Segment liabilities	**122.4**	**78.1**	**71.9**	**37.0**	**71.3**	**380.7**
Intersegment elimination						(49.7)
Unallocated liabilities						1,081.7
Total liabilities						**1,412.7**
Capital expenditure	29.0	15.3	31.0	3.6	9.5	88.4
Unallocated						23.0
Total						**111.4**

4. Segment information (continued)

(b) Operating segments (continued)

2009	Fresh Baking *$m*	Fresh Dairy *$m*	Home Ingredients *$m*	Asia Pacific *$m*	Commercial[1] *$m*	Total *$m*
Segment revenue						
Sales to external customers	983.9	448.5	529.4	348.7	538.1	2,848.6
Intersegment sales	16.1	9.6	2.4	4.7	396.8	429.6
Total segment revenue	**1,000.0**	**458.1**	**531.8**	**353.4**	**934.9**	**3,278.2**
Intersegment elimination						(429.6)
Other income						24.8
Total revenue						**2,873.4**
Segment result						
EBITDA before asset sales and restructuring costs	131.8	44.8	96.8	51.3	52.2	376.9
Depreciation and amortisation expense	(21.7)	(10.8)	(7.1)	(3.8)	(10.8)	(54.2)
EBIT before asset sales and restructuring costs	110.1	34.0	89.7	47.5	41.4	322.7
Asset sales - gain	8.6	1.6	9.4	1.7	-	21.3
Restructure costs	(6.8)	(2.3)	-	-	(0.6)	(9.7)
Segment EBIT	**111.9**	**33.3**	**99.1**	**49.2**	**40.8**	**334.3**
Net unallocated depreciation and amortisation expense						(1.3)
Net unallocated restructure costs						(1.0)
Net unallocated expense						(14.5)
Net interest expense						(90.7)
Profit before income tax						**226.8**
Income tax expense						(45.5)
Profit for the year						**181.3**
Segment assets and liabilities						
Segment assets	**1,334.2**	**577.9**	**398.3**	**291.7**	**355.2**	**2,957.3**
Intersegment elimination						(52.7)
Unallocated assets						189.4
Total assets						**3,094.0**
Segment liabilities	**122.0**	**60.6**	**46.7**	**55.8**	**85.3**	**370.4**
Intersegment elimination						(44.8)
Unallocated liabilities						1,150.7
Total liabilities						**1,476.3**
Capital expenditure	41.9	7.7	17.6	2.5	12.9	82.6
Unallocated						17.1
Total						**99.7**

[1] Segment information for the Commercial segment has been restated to include results, assets and liabilities from discontinued operations.

4. Segment information (continued)

(c) Geographical segments

	Segment revenues from sales to external customers		Non-current assets		Capital expenditure	
	2010	2009	**2010**	2009	**2010**	2009
	$m	*$m*	***$m***	*$m*	***$m***	*$m*
Australia	**1,472.1**	1,547.5	**1,102.1**	1,000.7	**79.2**	80.3
New Zealand	**882.4**	952.4	**1,257.4**	1,193.6	**29.1**	16.9
Asia Pacific	**305.6**	348.7	**158.4**	172.7	**3.1**	2.5
	2,660.1	2,848.6	**2,517.9**	2,367.0	**111.4**	99.7
Unallocated assets			**54.7**	100.7		
Total non-current assets			**2,572.6**	2,467.7		

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 2010, 32.3% of the Group's revenues depended on two customers in the Baking, Dairy and Home Ingredients segments (2009: 31.2%).

5. Other income

	2010	2009
	$m	*$m*
Net gain on disposal of property, plant and equipment	**2.1**	11.9
Net gain on sale of brands	**-**	9.4
Net realised foreign exchange gains	**1.0**	1.0
Other income	**1.6**	2.5
	4.7	24.8

6. Expenses

	2010 *$m*	2009 *$m*
Profit before income tax includes the following specific expenses:		
Depreciation		
Freehold properties	**3.5**	2.7
Leasehold properties	**3.1**	1.9
Plant and equipment	**52.6**	49.2
Leased plant and equipment	**1.2**	0.8
Total depreciation	**60.4**	54.6
Amortisation and impairment		
Brand names and licences	**0.9**	0.9
Total amortisation and impairment	**0.9**	0.9
Finance costs		
Interest and finance charges	**88.9**	94.6
Interest income	**(2.4)**	(3.9)
Finance costs expensed	**86.5**	90.7
Rental expense relating to operating leases	**33.8**	33.5
Research and development administration costs	**10.3**	8.1
Restructure costs	**8.5**	10.7
Employee benefits expense		
Wages and salaries	**427.7**	413.9
Annual leave	**12.6**	12.1
Defined contribution superannuation expense	**12.5**	11.7
Workers' compensation costs	**9.4**	10.3
Long service leave	**2.5**	3.1
Medical insurance	**2.2**	2.3
Termination benefits	**9.4**	8.9
Share based payments expense	**1.7**	-
	478.0	462.3

7. Income tax expense

	2010 **$m**	2009 $m
(a) Income tax expense		
Current tax	**49.7**	28.4
Deferred tax	**24.5**	19.2
Adjustments for over provision of current tax relating to prior periods	**(2.5)**	(2.1)
	71.7	45.5

	2010 **$m**	2009 $m
(b) Reconciliation of income tax expense to prima facie tax payable		
Profit before income tax expense	**237.5**	226.8
Tax at the Australian tax rate of 30% (2009: 30%)	**71.3**	68.0
Tax effect of amounts which are not deductible/(assessable) in calculating taxable income:		
New Zealand tax law changes - deferred tax asset write-off	**12.1**	-
Non-assessable income	**(9.8)**	(15.8)
Non-deductible expenses	**6.2**	7.7
Research and development deductions	**(3.0)**	(3.3)
Other	**(1.5)**	(4.4)
Tax losses	**(1.0)**	(4.4)
	74.3	47.8
Effect of tax rate in foreign jurisdictions	**(0.1)**	(0.2)
Adjustments for over provision of current tax relating to prior periods	**(2.5)**	(2.1)
Total income tax expense	**71.7**	45.5
(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 (note 29)	**2.0**	(13.2)
Foreign currency translation	**3.4**	(2.5)
Other	**1.0**	(0.6)
	6.4	(16.3)
(d) Tax expense/(income) relating to items of other comprehensive income		
Income tax recognised in hedging reserve		
Foreign exchange translation differences	**-**	-
Changes in the fair value of cash flow hedges	**(2.2)**	17.4
Exchange differences on minority interest	**-**	-
	(2.2)	17.4

8. Net tangible asset backing

	2010 cents per share	2009 cents per share
Net tangible asset backing per ordinary share	**(17.2)**	(20.3)

9. Current assets - cash and cash equivalents

	2010 ***$m***	2009 *$m*
Cash at bank and on hand	**73.3**	65.4

(a) Cash at bank and short term deposits

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

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

(b) Right of set-off

The following entities are party to a netting arrangement with the Westpac Banking Corporation 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$20.3m (2009: A$20.4m), covering its banking operations in Australia, New Zealand, Fiji and New Caledonia. These overdraft facilities were not utilised at 30 June 2010 (2009: unutilised).

10. Current assets - Trade and other receivables

	2010 ***$m***	2009 *$m*
Trade receivables	**218.3**	230.5
Allowance for doubtful debts	**(3.6)**	(3.1)
Receivables due from related parties	**-**	1.1
Receivable due from the sale of property, plant and equipment	**-**	13.3
Other receivables	**32.7**	33.8
	247.4	275.6

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 2010 *$m*	**Allowance for doubtful debts 2010 *$m***	Gross 2009 *$m*	Allowance for doubtful debts 2009 *$m*
Not past due	**126.0**	**-**	161.9	-
Past due 1-30 days	**43.5**	**-**	48.3	-
Past due 31-60 days	**32.6**	**-**	13.3	-
Past due 61-90 days	**8.8**	**-**	1.6	0.5
Past due over 90 days	**7.4**	**3.6**	5.4	2.6
	218.3	**3.6**	230.5	3.1

Movements in the allowance for doubtful debts were as follows:

	2010 *$m*	2009 *$m*
Opening balance	**3.1**	4.3
Provision for doubtful debts recognised during the year	**1.4**	0.7
Receivables written off during the year as uncollectable	**(0.9)**	(1.9)
Closing balance	**3.6**	3.1

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:

	2010 *$m*	2009 *$m*
Australia	**135.4**	141.4
New Zealand	**58.0**	55.2
Asia Pacific	**24.9**	33.9
	218.3	230.5

(b) Securitisation program

Certain controlled entities in Australia and New Zealand have entered into a receivables purchase agreement which enables them to securitise selected amounts of their receivables portfolio up to a limit of A$35.0m (2009: A$35.0m) and NZ$46.0m (2009: NZ$46.0m). At 30 June 2010, A$34.7m (2009: A$35.0m) and NZ$38.6m (2009: NZ$37.3m) of receivables have been securitised and are not included in the balance sheet. In accordance with accounting policy note 1(p) the securitised receivables have been de-recognised on the basis that substantially all risks and rewards of the receivables have been transferred to the counterparty including all credit risk with no recourse to the Group.

(c) Fair value

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

11. Current assets - Inventories

	2010 *$m*	2009 *$m*
Raw materials	**76.3**	48.9
Work in progress	**10.5**	11.1
Finished goods	**79.3**	70.6
	166.1	130.6

(a) Inventory expense

Write-downs of inventories to net realisable value recognised as an expense during the year ended 30 June 2010 amounted to $9.5m (2009: $12.0m) for the Group. The expense has been included in 'cost of sales' in the income statement.

12. Derivative financial instruments

	2010 *$m*	2009 *$m*
Current assets		
Commodity price derivatives	**0.1**	0.7
Non-current assets		
Interest rate derivatives	**-**	1.6
	0.1	2.3
Current liabilities		
Interest rate derivatives	**14.9**	26.4
Foreign exchange derivatives	**3.4**	9.3
Commodity price derivatives	**0.7**	0.7
Total current derivative financial instrument liabilities	**19.0**	36.4
Non-current liabilities		
Foreign exchange derivatives	**1.7**	-
Interest rate derivatives	**12.2**	7.6
Total non-current derivative financial instrument liabilities	**13.9**	7.6
	32.9	44.0

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

The Commercial fats and oils business is no longer reported as a discontinued operation in this financial report.

On 31 March 2010, the Australian Competition and Consumer Commission (ACCC) opposed the proposed acquisition of Goodman Fielder's edible fats and oils business by Cargill Australia. Its decision was based on the premise that the proposed acquisition would likely result in a substantial lessening of competition in the markets for the supply of certain refined oil products, in particular those products used by industrial food manufacturers to make a range of food products.

The post tax impact of the change to the plan for sale of the Commercial fats and oils business on results of operations during the year was:

- Expense of $3.6m in transaction costs
- Depreciation on held for sale assets of $4.2m

There was no impact on the results of operations for the prior year.

The Commercial fats and oils business was reported as a discontinuing operation in 2009.

(a) Assets classified as held for sale

	2009 *$m*
Disposal group held for sale	
Inventories	45.3
Goodwill	26.9
Property, plant and equipment	68.6
	140.8

(b) Liabilities classified as held for sale

	2009 *$m*
Disposal group held for sale	
Provision for employee benefits	6.9
	6.9

14. Current assets - Other current assets

	2010 ***$m***	2009 *$m*
Prepayments	**6.5**	5.0

15. Non-current assets - Receivables

	2010 ***$m***	2009 *$m*
Receivables from jointly controlled entities	**5.3**	5.1

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

	2010 $m	2009 $m
Investment in jointly controlled entity (note 39)	**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.

17. Non-current assets - Property, plant and equipment

	Freehold properties $m	Leasehold properties $m	Plant and equipment $m	Leased plant & equipment $m	Total $m
At 1 July 2008					
Cost	185.9	23.6	643.6	-	853.1
Accumulated depreciation	(35.1)	(6.9)	(283.3)	-	(325.3)
Net book amount	150.8	16.7	360.3	-	527.8
Year ended 30 June 2009					
Opening net book amount	150.8	16.7	360.3	-	527.8
Additions	18.7	7.5	70.3	3.2	99.7
Disposals	(10.8)	(0.2)	(3.1)	-	(14.1)
Assets classified as held for sale	(25.1)	(0.2)	(43.3)	-	(68.6)
Category reclassification	0.5	0.5	(1.0)	-	-
Transfers from assets held for sale	2.0	-	-	-	2.0
Depreciation charge	(2.7)	(1.9)	(49.2)	(0.8)	(54.6)
Effects of movements in foreign exchange rates	(0.2)	(0.1)	0.8	-	0.5
Closing net book amount	133.2	22.3	334.8	2.4	492.7
At 30 June 2009					
Cost	160.2	30.9	533.0	3.2	727.3
Accumulated depreciation	(27.0)	(8.6)	(198.2)	(0.8)	(234.6)
Net book amount	133.2	22.3	334.8	2.4	492.7
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**	**4.5**	**890.2**
Accumulated depreciation	**(34.3)**	**(10.4)**	**(241.4)**	**(1.6)**	**(287.7)**
Net book amount	**159.3**	**30.2**	**410.1**	**2.9**	**602.5**

[1] Borrowing costs of $1.6m (2009: $0.4m) were capitalised during the year.

18. Non-current assets - Deferred tax assets

	2010	2009
	$m	*$m*
Recognised deferred tax assets		
Deferred tax assets are attributable to the following:		
Property, plant and equipment	**1.8**	5.5
Land and buildings	**-**	7.8
Interest bearing loans and borrowings	**0.1**	0.4
Employee benefits	**15.6**	15.6
Provisions	**5.9**	6.5
Capitalised costs recognised in equity	**-**	5.5
Consumable stores	**0.5**	0.5
Foreign currency recognised in equity	**17.4**	19.1
Cash flow hedges recognised in equity	**7.6**	12.4
Tax value of carry-forward tax losses recognised	**2.5**	3.4
Prepaid taxes and foreign tax credits	**-**	20.0
Other items	**3.3**	4.0
Net deferred tax assets	**54.7**	100.7

Unrecognised deferred tax assets		
Deductible temporary differences	**50.6**	55.5

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.

19. Non-current assets - Intangible assets

	Goodwill *$m*	Brand names and licences *$m*	IT development and software *$m*	Total *$m*
At 1 July 2008				
Gross carrying amount	1,683.2	383.6	-	2,066.8
Accumulated amortisation and impairment	(170.0)	(11.7)	-	(181.7)
Net book amount	1,513.2	371.9	-	1,885.1
Year ended 30 June 2009				
Opening net book amount	1,513.2	371.9	-	1,885.1
Assets classified as held for sale	(26.9)	-	-	(26.9)
Adjustment for subsequent recognition of deferred tax assets	(6.7)	-	-	(6.7)
Amortisation charge	-	(0.9)	-	(0.9)
Effect of movements in foreign exchange rates	13.3	2.3	-	15.6
Closing net book amount	1,492.9	373.3	-	1,866.2
At 30 June 2009				
Gross carrying amount	1,662.9	385.9	-	2,048.8
Accumulated amortisation and impairment	(170.0)	(12.6)	-	(182.6)
Net book amount	1,492.9	373.3	-	1,866.2
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**

19. Non-current assets - Intangible assets (continued)

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

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

2010	**Goodwill** *$m*	**Brands and licences** *$m*	**IT development and software** *$m*	**Total** *$m*
Fresh Baking Australia	**507.9**	**123.4**	**-**	**631.3**
Fresh Baking New Zealand	**330.7**	**68.7**	**-**	**399.4**
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**
Commercial Australia	**-**	**0.9**	**-**	**0.9**
Commercial New Zealand	**54.8**	**8.0**	**-**	**62.8**
Corporate	**-**	**-**	**4.5**	**4.5**
	1,527.6	**374.0**	**4.5**	**1,906.1**

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

Goodwill 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 $0.8m (2009: $1.0m). The licence of the Anchor brand name has been assessed to have a finite life of 10 years from the agreement date.

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

19. Non-current assets - Intangible assets (continued)

(b) 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 four years based on the FY11 budget and a detailed three year plan which has been reviewed and approved by the Board with an appropriate terminal value.

On this basis, the Group determined that the recoverable amount of each CGU exceeds its carrying value, and no impairment charge was required in this financial year (2009: $nil).

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

The growth rate used to extrapolate cash flows beyond the FY11 budget period and three year forecast for all CGU's is 3.0% (2009: 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% to 14.6% (2009: 8.5% to 14.1%) to discount the forecast future attributable post-tax cash flows. The imputed pre-tax discount rate for each CGU is in the range 11.2% to 19.6% (2009: 10.4% to 16.6%).

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

The value-in-use tests are sensitive to discount rates, the assumed long term growth rates and cash flow forecasts. The Group has performed detailed sensitivity analysis as part of its impairment testing to ensure that the results of its testing are reasonable and prudent. This sensitivity analysis showed that the value-in-use of the CGU that is most sensitive will be impaired if there is either an increase of 0.5% in the post tax discount rate to 9.5%, a reduction in the long term growth rate from 3.0% to 2.5% or a decrease in annual cash flows of 10.0%.

20. Non-current assets - Other non-current assets

	2010	2009
	$m	*$m*
Deferred expenditure	**1.1**	1.3
Other non-current assets	**1.1**	0.1
	2.2	1.4

21. 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 2010 are set out below:

Australia

Fund - Goodman Fielder Superannuation Fund
Benefit Type - Defined Contribution and Defined Benefit
Date of last actuarial valuation - 9 July 2010

The Goodman Fielder Superannuation Fund is a ‘hybrid’ superannuation plan as it comprises both defined contribution and defined benefit member entitlements. The defined benefit component ceased accepting new members in 1997. Since this date, all new members participate only in the defined contribution plan. Employees who entered the defined benefit plan prior to 1997 are eligible to receive benefits of the greater of their defined benefit and defined contribution components. Employees who are eligible to receive defined benefit payments comprise an immaterial component of the plan; therefore, this plan has been accounted for as a defined contribution superannuation plan. The net deficit (2009: deficit) of the defined benefit portion of the plan at 30 June 2010 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 - 9 July 2010

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 (2009: deficit) of the defined benefit portion of the plan at 30 June 2010 was not material to either the financial performance or the financial position of the Group.

22. Current liabilities - Trade and other payables

	2010 *$m*	2009 *$m*
Trade payables	**255.7**	243.6
Accrued interest	**9.1**	8.2
Deferred consideration	**-**	3.0
Other payables	**33.1**	29.4
	297.9	284.2

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

23. Current liabilities - Borrowings

	2010 *$m*	2009 *$m*
Secured		
Lease liabilities (note 35)	**0.9**	0.8
Unsecured		
Bank facility	**690.8**	0.5
	691.7	1.3

(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 2010, the Group has $691.3m (2009: nil) borrowings drawn under committed facilities that mature in less than 12 months.

Goodman Fielder Limited has a A$700m syndicated bank debt facility maturing in November 2010.

This facility will be fully re financed in September 2010 via the following committed debt facilities:

- A$420m forward-starting 3-year syndicated bank debt facility that was completed and signed in October 2009, but will commence in September 2010; and
- A$350m 10 year US private placement notes that were completed and signed in July 2010 but with a deferred settlement of September 2010.

Details of the committed unsecured variable rate bank facilities are set out in note 26.

24. Current liabilities - Other financial liabilities

(a) Debt facility guarantee

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

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

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.

(b) Deed of cross guarantee

Goodman Fielder Limited and certain of its Australian subsidiaries are party to a Deed of Cross Guarantee. Under the provisions of AASB 139 *Financial Instruments: Recognition and Measurement* as amended by AASB 2005-9, a Deed of Cross Guarantee should be accounted for as a Financial Guarantee Contract as detailed in note 1(z).

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.

25. Current liabilities - Provisions

	2010 **$m**	2009 $m
Employee benefits	**46.0**	41.3
Workers' compensation	**1.6**	0.7
Business closure and rationalisation	**1.4**	6.5
Other provisions	**1.9**	3.8
	50.9	52.3

(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

The business closure and rationalisation provision relates to specific and identified sites and business restructuring and the associated site remediation, early lease termination and redundancy costs. These provisions will be fully utilised within the 2011 financial year.

(c) Other

Included in other provisions are amounts in respect of vehicle insurance, customer claims, make-good 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 28(c).

26. Non-current liabilities - Borrowings

	2010 **$m**	2009 $m
Secured		
Lease liabilities (note 35)	**1.5**	0.9
Bank facility	**295.6**	1,062.6
	297.1	1,063.5

(a) Other bank loans

In addition to the detailed facilities there are a number of debt facilities, to a value of A$19.4m (2009: A$21.0m), extended to various Group companies in the Asia Pacific region. These facilities are either secured by mortgage debentures or guarantee arrangements provided by Goodman Fielder Limited and certain controlled entities in favour of the security trustee, or have the benefit of guarantees and/or securities at the controlled entity level, or are unsecured.

26. Non-current liabilities – Borrowings (continued)

(b) Other debt facilities

The Group has access to overnight borrowings facilities to a total of A$29.1m (2009: A$29.0m). These facilities are uncommitted and provided at call. These facilities were not utilised at 30 June 2010 (2009: unutilised). The Group also has a securitisation facility, details of which are set out in note 10(b).

(c) Debt capacity

At 30 June 2010, the Group has $404.6m (2009: $406.1m) of undrawn committed funding capacity available (excluding cash at bank). Of this total, $14.7m (2009: $171.0m) matures in less than 12 months and $389.9m (2009: $235.1m) 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 bank facility

There are four committed unsecured variable rate bank facilities available to the Group at 30 June 2010. All facilities are denominated in Australian dollars, however can be drawn down in the New Zealand dollar equivalent. Drawn amounts and maturities are as follows:

	Total available 2010 *$m*	Amount utilised 2010 *$m*
Current		
Senior Unsecured Credit Facility Agreement entered in November 2005		
- available until November 2010	**700.0**	**691.3**
Pacific loan facilities	**6.0**	**-**
Non-current		
Syndicated Loan Facility entered in April 2008		
- available until July 2011	**420.0**	**303.2**
- available until July 2013	**130.0**	**-**
Syndicated Loan Facility entered in October 2009		
- available until October 2012	**80.0**	-
Loan Facility Agreement entered in March 2009		
- available until March 2012	**50.0**	**-**
Pacific loan facilities	**13.4**	**0.3**
	1,399.4	**994.8**

The bank facility in notes 23 and 26 is shown net of $8.5m (2009: $2.5m) facility establishment costs.

Goodman Fielder Limited has a A$700m syndicated bank debt facility maturing in November 2010.

This facility will be fully re financed in September 2010 via the following committed debt facilities:

- A$420m forward-starting 3-year syndicated bank debt facility that was completed and signed in October 2009, but will commence in September 2010; and
- A$350m 10 year US private placement notes that were completed and signed in July 2010 but with a deferred settlement of September 2010.

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 2010.

27. Non-current liabilities - Deferred tax liabilities

	2010 *$m*	2009 *$m*
Deferred tax liabilities are attributable to the following:		
Property, plant and equipment	**8.1**	7.8
Intangible assets	**2.1**	2.1
Land and buildings	**5.4**	-
Consumable stores	**0.9**	1.1
	16.5	11.0

28. Non-current liabilities - Provisions

	2010 *$m*	2009 *$m*
Employee benefits	**3.8**	4.0
Workers' compensation	**2.7**	3.3
Other provisions	**7.4**	0.4
	13.9	7.7

(a) Workers' compensation

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

(b) Other

Included in other provisions are amounts in respect of make-good provisions in respect of certain leased premises 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:

2010	**Workers' compensation** *$m*	**Business closure and rationalisation** *$m*	**Other** *$m*	**Total** *$m*
Current and non-current				
Carrying amount at start of year	**4.0**	**6.5**	**4.2**	**14.7**
Additional provisions recognised	**2.1**	**2.0**	**5.9**	**10.0**
Amounts used during the period	**(1.8)**	**(7.1)**	**(0.8)**	**(9.7)**
Carrying amount at end of year	**4.3**	**1.4**	**9.3**	**15.0**

29. Contributed equity

	2010 Number of Shares '000	2009 Number of Shares '000	**2010 *$m***	2009 *$m*
Other contributed equity				
Other contributed equity	**1,380,386**	1,355,069	**1,807.3**	1,767.0
Share capital				
Share capital			**4.9**	4.9
Total contributed equity			**1,812.2**	1,771.9

(a) Movements in contributed equity:

Date	**Details**	**Number of shares '000**	**Issue price**	***$m***
1 July 2009	Opening balance	1,355,069		1,771.9
	Dividend reinvestment plan issues	25,317	$1.60	40.5
	Less: Transaction costs associated with DRP	-		(0.2)
30 June 2010	Closing balance	1,380,386		1,812.2

(b) Ordinary shares

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

(c) Share capital

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

(d) Other contributed equity

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

(e) Dividend reinvestment plan

Goodman Fielder Limited has established a dividend reinvestment plan under which holders of ordinary shares may elect to have all or part of their dividend entitlements satisfied by the issue of new ordinary shares rather than by being paid in cash. Shares were issued under the plan at a 2% discount to the market price for the October 2009 final dividend, and at no discount for the April 2010 interim dividend (2.5% discount for the April 2009 interim dividend).

30. Reserves and retained profits

	2010	2009
	$m	*$m*
(a) Reserves		
Hedging reserve	**(26.6)**	(31.8)
Share-based payments reserve	**1.7**	-
Foreign currency translation reserve	**(185.9)**	(182.2)
	(210.8)	(214.0)

Movements:

	2010	2009
Hedging reserve		
Balance at 1 July	**(31.8)**	8.8
Effective changes in fair value of interest rate derivatives, net of tax	**(13.4)**	(33.2)
Effective changes in fair value of foreign currency derivatives, net of tax	**(6.7)**	23.8
Effective changes in fair value of commodity price derivatives, net of tax	**1.3**	4.6
Effective changes in fair value of cross currency interest rate derivatives, net of tax	**(1.3)**	-
Transfer to income statement, net of tax	**17.5**	(2.4)
Transfer to inventory and other assets, net of tax	**7.8**	(33.4)
Balance 30 June	**(26.6)**	(31.8)
Share-based payments reserve		
Balance 1 July	**-**	-
Share based payment recognised in income statement, net of tax	**1.7**	-
Balance 30 June	**1.7**	-
Foreign currency translation reserve		
Balance at 1 July	**(182.2)**	(195.4)
Total recognised (expense)/income	**(3.7)**	13.2
Balance 30 June	**(185.9)**	(182.2)

Nature and Purpose of Reserves

Hedging reserve

The hedging reserve comprises the effective portion of the cumulative net change in the fair value of derivatives designated as cash flow hedges that relate to hedged transactions that have not yet occurred, as described in note 1(e).

Foreign currency translation reserve

The foreign currency translation reserve comprises exchange differences arising from the translation of the financial statements of foreign subsidiaries where their functional currency is different to the presentation currency of the reporting entity, as described in note 1(d)(iii).

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.

30. Reserves and retained profits (continued)

(b) Retained profits

	2010	2009
	$m	*$m*
Movements in retained profits were as follows:		
Opening balance	**50.1**	35.5
Net profit for the year	**161.1**	175.7
Dividends paid to shareholders	**(153.8)**	(159.0)
Other movements	**-**	(2.1)
Closing balance	**57.4**	50.1

31. Dividends

	2010	2009
	$m	*$m*
(a) Ordinary shares		
Final dividend for the year ended 30 June 2009 of 6.0 cents (2008: 7.5 cents) per fully paid share paid on 29 October 2009 (2008: 30 October 2008) Australia: 20% franked (2008: 40% franked) amount of 1.2 cents at 30% (2008: 3.0 cents at 30%) New Zealand: nil imputation (2008: nil imputation) amount of nil cents at 30% (2008: nil cents at 30%)	**81.3**	99.4
Interim dividend for the year ended 30 June 2010 of 5.25 cents (2009: 4.5 cents) per fully paid share paid on 8 April 2010 (2009: 8 April 2009) Australia: 0% franked (2009: 31% franked) amount of nil cents at 30% (2009: 1.395 cents at 30%) New Zealand: nil imputation (2009: nil imputation) amount of nil cents at 30% (2009: nil cents at 30%)	**72.5**	59.6

	2010	2009
	$m	*$m*
(b) Dividends not recognised at year end		
Since year end the Directors have recommended the payment of a final dividend of 5.5 cents (2009: 6.0 cents) per fully paid ordinary share 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%) The aggregate amount of the proposed dividend payable on 28 October 2010, but not recognised as a liability at year end, is	**75.9**	81.3

31. Dividends (continued)

(c) Franked dividends

	2010 *$m*	2009 *$m*
Franking credits available for the above period and for subsequent financial years based on a tax rate of 30% (2009: 30%)	**1.1**	3.4
Less: Current year tax payable/(receivable)[1]	**5.3**	(6.8)
	6.4	(3.4)

[1] The 30 June 2010 franking balance has been adjusted for franking credits that will arise from the payment of the current tax liability recognised as at 30 June 2010 on lodgement of the 2010 tax returns.

The franked portion of the final dividend for the year ended 30 June 2010 recommended for payment of $6.5m (2009: $7.0m) 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 2010 and 30 June 2011 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

	2010 *$m*	2009 *$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% (2009: 30%)	**4.9**	0.5

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.

32. Key management personnel disclosures

(a) Key management personnel compensation

	2010	2009
	$	*$*
Short-term employee benefits	**8,118,282**	7,401,912
Post-employment benefits	**443,998**	569,084
Other long term benefits	**57,848**	47,570
Termination benefits	**901,816**	1,053,984
Share-based payments	**660,167**	298,810
	10,182,111	9,371,360

Detailed remuneration disclosures are provided in the Remuneration Report.

Incentives awarded and paid to executives in the year ended 30 June 2010 in respect of performance for the 2009 financial year have been disclosed in the Remuneration Report in the 2009 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 18 to 22 of the Remuneration Report.

Peter Margin, Director and Chief Executive Officer and other key management personnel participated in the following share plans:

2010 - Performance Share Plan
2010 - Performance Share Plan TSR element (Chief Executive Officer only)
2009 - Performance Share Plan
2009 - Performance Share Plan TSR element (Chief Executive Officer only)
2008 - Performance Share Plan
2007 - Long Term Incentive Plan; Deferred Incentive Plan

The grant date and share value at that date for each share plan was as follows:

Director and Chief Executive Officer		
2010 - Performance Share Plan	15 December 2009	$1.54
2010 - Performance Share Plan TSR element	15 December 2009	$0.87
2009 - Performance Share Plan	12 December 2008	$1.28
2009 - Performance Share Plan TSR element	12 December 2008	$0.92
2008 - Performance Share Plan	22 November 2007	$1.90
2007 - Long Term Incentive Plan	10 September 2007	$2.43
Other key management personnel		
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
2007 - Deferred Incentive Plan	22 November 2007	$1.90

32. 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	Balance at start of the year	Granted during the year	Vested during the year	Other changes during the year	Balance at end of the year	Vested 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 [(1)]	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 [(1)]	39,630	-	-	(39,630)	-	-	-
G G W Erby							
2010	-	104,822	-	-	104,822	-	104,822
2009	94,863	-	-	-	94,863	-	94,863
2008 [(1)]	51,078	-	-	(51,078)	-	-	-
D K Goldsmith							
2010	-	110,463	-	-	110,463	-	110,463
2009	99,969	-	-	-	99,969	-	99,969
2008 [(1)]	53,827	-	-	(53,827)	-	-	-
G J Hardie[(2)]							
2009	118,720	-	-	(118,720)	-	-	-
2008 [(1)]	64,527	-	-	(64,527)	-	-	-
A R Hipperson							
2010	-	82,874	-	-	82,874	-	82,874
2009	75,000	-	-	-	75,000	-	75,000
2008 [(1)]	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	-	107,280	-	-	107,280	-	107,280
J D West							
2010	-	75,874	-	-	75,874	-	75,874
2009	69,000	-	-	-	69,000	-	69,000
2008 [(1)]	34,461	-	-	(34,461)	-	-	-

[(1)] The 2008 performance share plan criteria were not met and the Board did not award incentives under this plan during the year.
[(2)] 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.

32. Key management personnel disclosures (continued)

(b) Equity instrument disclosures relating to key management personnel (continued)

(i) Performance share plan (continued)

2009 Entitlements to ordinary shares	Balance at start of the year	Granted during the year	Vested during the year	Other changes during the year	Balance at end of the year	Vested and exercisable	Unvested
Directors of Goodman Fielder Limited							
P M Margin							
2009	-	803,571	-	-	803,571	-	803,571
2008	288,066	-	-	-	288,066	-	288,066
2007	267,490	-	-	-	267,490	-	267,490
Other key management personnel of the Group							
D Clark							
2009	-	72,913	-	-	72,913	-	72,913
2008	39,630	-	-	-	39,630	-	39,630
2007	33,333	-	(33,333)	-	-	-	-
G G W Erby							
2009	-	94,863	-	-	94,863	-	94,863
2008	51,078	-	-	-	51,078	-	51,078
2007	42,963	-	(42,963)	-	-	-	-
D K Goldsmith							
2009	-	99,969	-	-	99,969	-	99,969
2008	53,827	-	-	-	53,827	-	53,827
2007	11,111	-	(11,111)	-	-	-	-
G J Hardie[(1)]							
2009	-	118,720	-	-	118,720	-	118,720
2008	64,527	-	-	-	64,527	-	64,527
2007	51,852	-	(51,852)	-	-	-	-
A R Hipperson							
2009	-	75,000	-	-	75,000	-	75,000
2008	34,025	-	-	-	34,025	-	34,025
2007	28,889	-	(28,889)	-	-	-	-
P W Hitchcock[(2)]							
2008	49,317	-	-	(49,317)	-	-	-
2007	41,481	-	-	(41,481)	-	-	-
P R Reidie							
2009	-	67,991	-	-	67,991	-	67,991
S K Roberts							
2009	-	78,571	-	-	78,571	-	78,571
J D West							
2009	-	69,000	-	-	69,000	-	69,000
2008	34,461	-	-	-	34,461	-	34,461
2007	29,259	-	(29,259)	-	-	-	-

[(1)] Mr Hardie ceased employment as Managing Director, GF Fresh Baking effective 4 September 2009.
[(2)] Mr Hitchcock ceased employment as Managing Director, GF Commercial, effective 8 August 2008.

32. Key management personnel disclosures (continued)

(b) Equity instrument disclosures relating to key management personnel (continued)

(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:

2010	Balance at the start of the year	Net acquisitions	Other changes during the year	Balance at the end of the year
Ordinary shares				
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.

32. Key management personnel disclosures (continued)

(b) Equity instrument disclosures relating to key management personnel (continued)

(ii) Share holdings (continued)

2009	Balance at the start of the year	Net acquisitions	Other changes during the year	Balance at the end of the year
Ordinary shares				
Executive Director of Goodman Fielder Limited				
P M Margin	111,028	-	-	111,028
Non-executive Directors of Goodman Fielder Limited				
M G Ould	140,100	60,000	-	200,100
C A Hooke	51,000	50,000	-	101,000
I D Johnston	11,235	55,179	-	66,414
H E Perrett	2,500	-	-	2,500
G R Walker	101,000	100,000	-	201,000
Other key management personnel of the Group				
D Clark	4,098	-	-	4,098
G G W Erby	6,000	42,963	-	48,963
D K Goldsmith	49,370	11,825	-	61,195
G J Hardie [1]	-	63,765	-	63,765
A R Hipperson	-	28,889	-	28,889
P W Hitchcock [2]	10,546	-	(10,546)	-
P R Reidie	-	1,443	-	1,443
S K Roberts	-	-	-	-
J D West	5,464	29,259	-	34,723

[1] Mr Hardie ceased employment as Managing Director GF Fresh Baking, effective 4 September 2009.
[2] Mr Hitchcock ceased employment as Managing Director, GF Commercial, effective 8 August 2008.

(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) Other transactions with key management personnel

There were no other transactions with key management personnel during the period. From time to time, key management personnel of the 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.

33. Remuneration of auditors

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

	2010 **$'000**	2009 $'000
(a) Audit services		
KPMG Australia		
Audit and review of financial reports	**956.0**	960.1
Overseas KPMG firms		
Audit and review of financial reports	**472.0**	439.0
	1,428.0	1,399.1

	2010 **$'000**	2009 $'000
(b) Other tax and assurance services		
KPMG Australia		
Tax services	**25.0**	40.0
Other assurance services	**32.7**	121.1
Overseas KPMG firms		
Tax services	**45.5**	88.5
Other assurance services	**30.1**	2.0
	133.3	251.6
	1,561.3	1,650.7

34. Contingencies

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 26.

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

35. Commitments

(a) Capital commitments

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

	2010 ***$m***	2009 *$m*
Payable:		
Within one year	**13.9**	18.3

35. Commitments (continued)

(b) Lease commitments

(i) Operating leases

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

	2010	2009
	$m	*$m*
Commitments in relation to non-cancellable operating leases are payable as follows:		
Within one year	**28.1**	30.3
Later than one year but not later than five years	**75.9**	70.7
Later than five years	**114.8**	108.9
	218.8	209.9

The Group entered into a heads of agreement on 16 July 2008 for a lease of a new head office in North Ryde. The lease is for seven years with an agreed annual increase of 3.75%. The previous head office lease in North Ryde expired in 2009 and was not renewed.

The Group entered into a lease agreement over the Erskine Park facility on 20 June 2008, for 20 years, with an agreed annual increase of 3.0%.

The Group entered into a heads of lease agreement on 23 December 2009 for a new office in Auckland, New Zealand. The lease is for seven years, and subject to market reviews every three years.

(ii) Finance leases

During the year, the Group leased various plant and equipment with a carrying amount of $1.7m (2009: $3.2m) 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.

	2010	2009
	$m	*$m*
Commitments in relation to finance leases are payable as follows:		
Within one year	**0.9**	0.8
Later than one year but not later than five years	**1.5**	0.9
Minimum lease payments	**2.4**	1.7
Representing lease liabilities:		
Current (note 23)	**0.9**	0.8
Non-current (note 26)	**1.5**	0.9
	2.4	1.7

The weighted average interest rate implicit in the leases is 3.57% (2009: 3.46%).

36. Related party transactions

(a) Parent entity

The legal parent entity within the Group is Goodman Fielder Limited.

(b) Directors

Information on the remuneration of Directors is disclosed in the Remuneration Report.

(c) Subsidiaries

Interests in subsidiaries are set out in note 37.

(d) Key management personnel

Disclosures relating to key management personnel are set out in note 32.

(e) Transactions with other related parties

The following transactions occurred with related parties other than key management personnel or entities related to them:

	2010 *$m*	2009 *$m*
Sales of goods and services		
Sale of goods to related entities	**1.6**	0.6
Purchases of goods		
Purchase of goods from related entities	**10.7**	8.3

(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:

	2010 *$m*	2009 *$m*
Current receivables (sales of goods and services)		
Related entities - sales of goods	**-**	1.1
Non-current receivables (loans)		
Related entities - loans	**5.3**	5.1
Current payables (purchases of goods)		
Related entities - purchases of goods	**0.3**	0.6

36. Related party transactions (continued)

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:

Foster's Group Limited
- purchases of raw materials

AGL Energy Limited
- provision of gas and electricity services

Oilstream Partners Pty Limited
- supply of raw materials

The previous financial year

Foster's Group Limited
- purchases of raw materials

AGL Energy Limited
- provision of gas and electricity services

Pacific Brands Limited
- purchases of clothing supplies

Oilstream Partners Pty Limited
- supply of raw materials

(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 2010, the Group has not incurred any impairment losses relating to amounts owed by related parties (2009: nil).

37. Subsidiaries

There were no business combinations during the current financial year or the prior financial year.

The financial statements incorporate the assets, liabilities and results of the following controlled entities in accordance with the accounting policy described in note 1(b):

Controlled entities of Goodman Fielder Limited at 30 June 2010	Country of incorporation	Class of shares	Equity holding 2010 %	2009 %
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 Ltd[(1)]	Australia	Ordinary	**100**	50
Paradise Food Industries Pty Limited	Australia	Ordinary	**100**	100
Quality Bakers Australia Pty Limited	Australia	Ordinary	**100**	100
Regal Bakeries Pty Limited	Australia	Ordinary	**100**	100
Stuart Bakery Pty Ltd	Australia	Ordinary	**100**	100
Sunicrust Bakeries Proprietary Limited	Australia	Ordinary	**100**	100
Evercrisp Snack Products (South Seas) Limited	Fiji	Ordinary	**90**	90
Goodman Fielder (Fiji) Limited	Fiji	Ordinary	**90**	90
Goodman Fielder International (Fiji) Limited	Fiji	Ordinary	**90**	90
Tucker Group (Fiji) Limited	Fiji	Ordinary	**90**	90
Tuckers Ice Cream Limited	Fiji	Ordinary	**90**	90
Goodman Fielder International (China) Limited	Hong Kong	Ordinary	**100**	100
Goodman Fielder International (Hong Kong) Limited	Hong Kong	Ordinary	**100**	100
Sinar Meadow International Limited	Hong Kong	Ordinary	**58.6**	58.6
Goodman Fielder International Sdn Bhd	Malaysia	Ordinary	**100**	100
Goodman Fielder Nouvelle Caledonie SAS	New Caledonia	Ordinary	**100**	100
Moulins Du Pacifique Sud SA	New Caledonia	Ordinary	**100**	100
La Biscuitiere 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

[(1)] On 30 June 2010, the Group acquired the remaining 50% interest in Oilstream Partners Pty Ltd.

38. Deed of cross guarantee

Pursuant to ASIC Class Order 98/1418 (as amended) dated 13 August 1998, the wholly owned subsidiaries listed below are relieved from the Corporations Act 2001 requirements for preparation, audit and lodgement of financial reports, and Directors' reports. 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 Ltd[(1)]
- Paradise Food Industries Pty Limited
- Quality Bakers Australia Pty Limited
- Regal Bakeries Pty Limited
- Stuart Bakery Pty Ltd
- Sunicrust Bakeries Proprietary Limited

(1) On 30 June 2010, Goodman Fielder acquired the remaining 50% interest in Oilstream Partners Pty Ltd and it became a party to the Deed of Cross Guarantee from 30 June 2010.

38. 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:

	2010	2009[1]
	$m	*$m*
Income statement		
Revenue - Sales of goods	**1,509.8**	1,625.8
Other income	**16.2**	27.0
Cost of sales	**(920.3)**	(1,041.2)
Warehousing and distribution expenses	**(256.1)**	(263.3)
Selling and marketing expenses	**(88.5)**	(79.1)
General and administration expenses	**(78.9)**	(78.2)
Net financing income	**(16.2)**	5.2
Profit before income tax	**166.0**	196.2
Income tax expense	**(35.6)**	(31.8)
Profit for the year	**130.4**	164.4
Statement of comprehensive income		
Profit for the year	**130.4**	164.4
Other comprehensive income		
Foreign exchange translation differences	**-**	(0.2)
Changes in fair value of cash flow hedges	**(6.7)**	(16.3)
Other comprehensive income for the year, net of tax	**(6.7)**	(16.5)
Total comprehensive income for the year	**123.7**	147.9
Summary of movements in retained earnings		
Retained earnings at the beginning of the financial year	**55.5**	51.6
Profit for the year	**130.4**	164.4
Dividends recognised during the period	**(153.8)**	(159.0)
Other movements	**-**	(1.5)
Retained earnings at the end of the financial year	**32.1**	55.5

[1] The 2009 comparatives have been restated to reflect the accounting policy change as a result of adopting revised AASB 138 *Intangibles*, as detailed in note 1(a)(i) and to reclassify results from discontinued operations back into continuing operations.

38. Deed of cross guarantee (continued)

(b) Statement of financial position

A balance sheet 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:

	2010 *$m*	2009[(1)] *$m*
Current assets		
Cash and cash equivalents	**22.7**	29.4
Trade and other receivables	**140.7**	146.0
Inventories	**89.2**	55.5
Derivative financial instruments	**0.1**	0.7
Current tax receivable	**-**	5.7
Other current assets	**24.1**	43.3
Assets classified as held for sale	**-**	99.2
Total current assets	**276.8**	379.8
Non-current assets		
Receivables	**689.7**	517.9
Investments in jointly controlled entities	**1.8**	-
Other investments	**712.9**	712.9
Derivative financial instruments	**-**	1.6
Property, plant and equipment	**396.3**	300.0
Deferred tax assets	**39.5**	58.1
Intangible assets	**700.6**	700.6
Other non-current assets	**0.5**	-
Total non-current assets	**2,541.3**	2,291.1
Total assets	**2,818.1**	2,670.9
Current liabilities		
Trade and other payables	**160.3**	155.5
Borrowings	**449.6**	0.7
Derivative financial instruments	**16.5**	36.4
Current tax liabilities	**5.4**	-
Provisions	**38.2**	39.0
Liabilities classified as held for sale	**-**	6.6
Total current liabilities	**670.0**	238.2
Non-current liabilities		
Borrowings	**297.0**	613.0
Derivative financial instruments	**10.7**	-
Provisions	**14.1**	5.3
Total non-current liabilities	**321.8**	618.3
Total liabilities	**991.8**	856.5
Net assets	**1,826.3**	1,814.4
Equity		
Contributed equity	**1,812.2**	1,771.9
Reserves	**(18.0)**	(13.0)
Retained profits	**32.1**	55.5
Total equity	**1,826.3**	1,814.4

(1) The 2009 comparatives have been restated to reflect the accounting policy change as a result of adopting revised AASB 138 *Intangibles*, as detailed in note 1(a)(i) and to reclassify results from discontinued operations back into continuing operations.

39. Jointly controlled entities

The Group has a 50% interest (2009: 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.

The PT Sinar Meadow International Indonesia jointly controlled entity receivable is denominated in Indonesian Rupiah (2009: US dollars). During the current financial year, an impairment reversal of $1.8m of the Group's investment in PT Sinar Meadow International Indonesia (tax expense: nil) was recognised. Loan repayments of $0.8m (2009: $nil) were received during the year. In 2009, a $1.1m foreign currency gain on revaluation was recognised in 'other income'.

On 30 June 2010, the Group acquired the remaining 50% interest in the Oilstream Partners Pty Limited joint venture. This entity is now incorporated 100% into the Group accounts. The Oilstream jointly controlled entity was set up for the development and exploitation of the supply, collection, treatment, recycling and disposal of cooking oil within Australia and New Zealand. This entity did not make a material contribution to the results of the Group in either the current or previous corresponding periods.

Name	Ownership interest 2010	Ownership interest 2009	Carrying value of investment 2010 $m	Carrying value of investment 2009 $m
PT Sinar Meadow International Indonesia (incorporated in Indonesia)	**50.0%**	50.0%	**1.8**	-

	2010 *$m*	2009 *$m*
Share of jointly controlled entity's assets and liabilities		
Current assets	**6.8**	7.3
Non-current assets	**1.7**	1.7
Total assets	**8.5**	9.0
Current liabilities	**0.8**	1.5
Non-current liabilities	**5.9**	9.3
Total liabilities	**6.7**	10.8
Net assets	**1.8**	(1.8)

	2010 *$m*	2009 *$m*
Share of jointly controlled entity's revenue, expenses and results		
Revenues	**10.5**	-
Expenses	**(9.8)**	-
Profit before income tax	**0.7**	-

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

	2010 *$m*	2009 *$m*
Profit for the year	**165.8**	181.3
Adjustments for:		
Depreciation and amortisation	**61.3**	55.5
Net gain on disposal of property, plant and equipment	**(2.1)**	(11.9)
Net gain on disposal of brands	**-**	(9.4)
Net loss on disposal of business	**2.9**	-
Reversal of previous period impairments	**(2.5)**	-
Transfer of hedge reserve to income statement	**17.5**	-
Share based payments	**1.7**	-
Changes in fair value of derivative financial instruments	**-**	(4.8)
Unrealised foreign exchange (gain)/loss	**-**	(1.1)
Change in operating assets and liabilities		
Decrease in trade and other receivables	**13.8**	35.9
(Increase)/decrease in tax receivable	**(7.8)**	13.9
Decrease in inventories	**9.8**	25.0
(Increase)/decrease in derivative financial instruments	**(10.2)**	58.6
Decrease/(increase) in deferred tax assets	**46.0**	(15.6)
Increase in other assets	**(2.3)**	(16.5)
Increase in trade and other payables	**14.7**	3.2
Decrease in provisions	**(2.0)**	(8.7)
Increase/(decrease) in current tax liability	**7.6**	(5.9)
Increase/(decrease) in deferred tax liabilities	**5.5**	(14.4)
Net cash inflow from operating activities	**319.7**	285.1

41. Non-cash financing activities

A dividend reinvestment plan (DRP) was put in place in the current financial year, resulting in 25,317,548 (2009: 30,068,890) shares being issued under the DRP. Dividends settled in shares rather than cash during the year totalled $40.5m (2009: $29.7m).

42. Events occurring after the balance sheet date

There have been no events subsequent to balance date which would have a material effect on the Group's financial statements at 30 June 2010.

43. Earnings per share

	2010	2009
	Cents	*Cents*
(a) Basic and diluted earnings per share		
Profit attributable to the ordinary equity holders of Goodman Fielder Limited	**11.7**	13.2

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

	2010	2009
	$m	*$m*
Basic and diluted earnings per share		
Profit for the year	**165.8**	181.3
Less: Profit attributable to minority interests	**(4.7)**	(5.6)
Profit attributable to the ordinary equity holders of Goodman Fielder Limited	**161.1**	175.7

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

	2010	2009
	Number m	*Number m*
Weighted average number of ordinary shares used as the denominator in calculating basic and diluted earnings per share	**1,371.9**	1,332.5

There were no dilutive potential ordinary shares in existence during the year (2009: nil)

44. Parent entity financial information

(a) Summary financial information

The individual financial statements for Goodman Fielder Limited show the following aggregate amounts:

	2010	2009
	$m	*$m*
Financial position at year end		
Current assets	**-**	7.0
Non-current assets	**2,841.1**	2,822.4
Total assets	**2,841.1**	2,829.4
Current liabilities	**3.3**	18.4
Non-current liabilities	**2.2**	5.5
Total liabilities	**5.5**	23.9
Total equity comprises:		
Contributed equity	**2,654.5**	2,614.2
Retained earnings	**181.1**	191.3
	2,835.6	2,805.5
Profit for the year	**144.9**	251.3
Total comprehensive income	**144.9**	251.3

44. Parent entity financial information (continued)

(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 (2009: $10m)
(b) receivables purchase agreements of subsidiaries amounting to $72.5m (2009: $72.5m)
(c) bank loans of subsidiaries outside Australia and New Zealand amounting to $12.7m (2009: $21.0m).
(d) bank guarantees of subsidiaries amounting to $4.6m (2009: $4.6m)
(e) commodity futures agreement of subsidiaries amounting to $0.7m (2009: $0.7m)
(f) International Swap Dealer Association (ISDA) agreements of subsidiaries amounting to $23.9m (2009: $41.7m)

The fair value of these unsecured guarantees of subsidiaries were considered to be immaterial to Goodman Fielder Limited and therefore no liability has been recognised in the financial statements.

(ii) Debt facility guarantee

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

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

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

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

The fair value of the debt facility guarantee in respect of the treasury entities is considered to be immaterial to Goodman Fielder Limited and therefore no liability has been recognised in the financial statements.

(iii) Deed of cross guarantee

Goodman Fielder Limited and certain of its Australian subsidiaries are party to a Deed of Cross Guarantee. Under the provisions of AASB 139 *Financial Instruments: Recognition and Measurement* as amended by AASB 2005-9, a Deed of Cross Guarantee should be accounted for as a Financial Guarantee Contract as detailed in note 1(z) by Goodman Fielder Limited, the parent entity of the Group.

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

(c) Contingent liabilities of the parent entity

The parent entity did not have any contingent liabilities as at 30 June 2010 or 30 June 2009.

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

As at 30 June 2010, the parent entity did not have any contractual commitments for the acquisition of property, plant or equipment.

In the Directors' opinion:

(a) the financial statements and notes and the remuneration disclosures that are contained in the Remuneration Report set out on pages 13 to 27 in the Directors' Report are in accordance with the *Corporations Act 2001*, including:

  (i) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001*; and

  (ii) giving a true and fair view of the Group's financial position as at 30 June 2010 and of its performance for the financial year ended on that date;

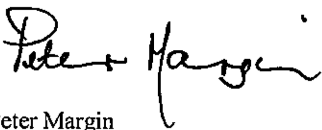
(b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

There are reasonable grounds to believe that the members of the Extended Closed Group identified in note 38 will be able to meet any obligations or liabilities to which they are, or may become, subject to by virtue of the Deed of Cross Guarantee between Goodman Fielder Limited and those Group entities pursuant to ASIC Class Order 98/1418.

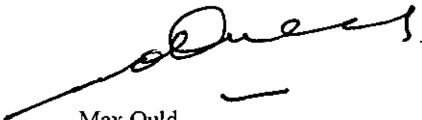
The Directors have been given the declarations for the financial year ended 30 June 2010 by the Chief Executive Officer and Chief Financial Officer required by section 295A of the *Corporations Act 2001*.

The Directors draw attention to note 1(a) to the financial statements, which includes a statement of compliance with International Financial Reporting Standards.

Signed in accordance with a resolution of the Directors:



Peter Margin
Managing Director and Chief Executive Officer



Max Ould
Chairman

19 August 2010

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

Report on the financial report

We have audited the accompanying financial report of the Group comprising Goodman Fielder Limited (the Company) and the entities it controlled at the year's end or from time to time during the financial year, which comprises the statement of financial position as at 30 June 2010, and income statement and statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended on that date, a summary of significant accounting policies and other explanatory Notes 1 to 44 and the directors' declaration.

Directors' responsibility for the financial report

The directors of the company are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. In Note 1(a), the directors also state, in accordance with Australian Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial report, comprising the financial statements and notes, complies with International Financial Reporting Standards.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We performed the procedures to assess whether in all material respects the financial report presents fairly, in accordance with the *Corporations Act 2001* and Australian Accounting Standards (including the Australian Accounting Interpretations), a view which is consistent with our understanding of the 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*.

KPMG, an Australian partnership and a member firm of the KPMG network
of independent member firms affiliated with KPMG International, a Swiss cooperative.

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 2010 and of its performance for the year ended on that date; and

  (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001.

(b) the financial report also complies with International Financial Reporting Standards as disclosed in Note 1(a).

Report on the remuneration report

We have audited the Remuneration Report included in pages 13 to 27 of the directors' report for the year ended 30 June 2010. 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 2010, complies with Section 300A of the *Corporations Act 2001*.

KPMG.

KPMG

David Rogers

David Rogers
Partner

Sydney

19 August 2010

KPMG, an Australian partnership and a member firm of the KPMG network
of independent member firms affiliated with KPMG International, a Swiss cooperative.