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HD **Food giant insists falling profits won't sour takeover**
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AUSTRALIA'S biggest food maker insists a disappointing profit result and expectations of another difficult year ahead will not derail a \$1.3 **billion** takeover offer for the **company**.

Goodman Fielder, whose brands include Meadow Lea and Vogel's **bread**, suffered a net loss of \$405.1 **million** in 2013-14 on the back of rising costs and price competition from its rivals.

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The result was dragged down by a larger-than-expected \$468.2 **million** in costs associated with the ongoing restructure of its **business**, non-cash impairment charges and losses on the **sale** of its biscuits, meat and pizza divisions.

Stripping out those charges, Goodman's underlying net profit for its continuing operations fell to \$63.1 **million**, from \$75.7 **million**.

Chief executive Chris Delaney said the result was disappointing, with the new financial year also shaping up to be difficult.

But he said he was not concerned the loss could derail a \$1.34 **billion** takeover bid from an Asian consortium.

"Obviously the bidders, as part of the due diligence process, had access to a significant amount of information about the **company**," he said.

"They were aware of what we had guided the market and what our expectations were just as much as any other shareholder was." **Hong Kong**-based investment **firm** First Pacific and Singapore agribusiness Wilmar International originally offered \$1.37 **billion** for the troubled food maker in May but lowered their bid to \$1.34 **billion** in July after examining Goodman's books.

Goodman Fielder's **board** has recommended shareholders accept the offer, with a vote expected in November.

OptionsXpress market analyst Ben Le Brun said it was likely the bidders were already aware of Goodman Fielder's troubles but there was still a chance they could further lower their offer.

Mr Delaney said Goodman was making progress on its strategy to return to profit but its efforts were hampered by a record rise in farmgate **milk** prices in New Zealand and higher Australian wheat prices.

It has struggled to recover those extra costs because of price wars with its rivals, with loaves of **bread** and a litre of **milk** priced at just \$1.

Goodman was also hurt by the disappointing performance of its spreads **business**, reliability issues and the costs of delivering fresh **bread**. Goodman Fielder shares closed down 1¢ at 63¢.

CO fdgl : Goodman Fielder Ltd
IN i41 : Food/Beverages/Tobacco | icnp : Consumer Goods

NS gcat : Political/General News
RE austr : Australia | apacz : Asia Pacific | ausnz : Australia/Oceania
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