

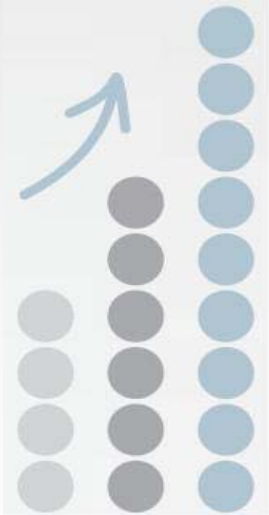


Australia's Leading Branded
Frozen Food Company

ANNUAL REPORT 2008



**FY2008 Result
Investor Briefing
25 August 2008**



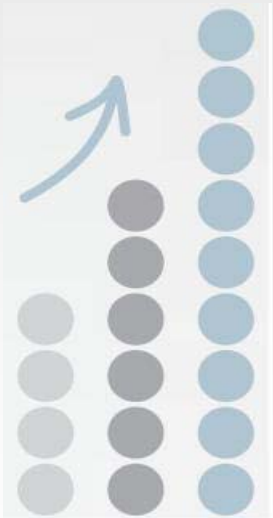
Here's how we're building it...



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FY2008 Highlights

- Successful commissioning of the significant capital expenditure program in manufacturing facilities at Bairnsdale is substantially complete
- Solid sales growth (30% on prior year) from the traditional retail market and also seeing gains from the investment made in the foodservice market in recent years
- Strong contribution from Creative Gourmet/Chefs Pride business acquired in May 2007 in line with management expectations
- Earnings per share growth of 7% after adjusting for one-off items



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FY2008 Summary of Financial Performance

AUD\$m	FY08 Reported	FY08 Normalised*	FY07 Reported	Variance (%)
Revenue	164.0	164.0	126.6	29.5%
EBITDA	26.9	28.4	24.9	13.8%
EBIT	22.5	23.9	21.1	13.6%
NPAT	13.8	15.0	12.7	17.9%
Operating cash flow	17.1		11.9	43.7%
EPS	10.0c	10.8c	10.1c	6.5%
DPS	7.3c	7.3c	7.2c	1.4%
EBIT Margin	13.7%	14.6%	16.6%	-2.0%
Return on Capital Employed (ROCE)	12.5%	13.3%	13.1%	0.2%

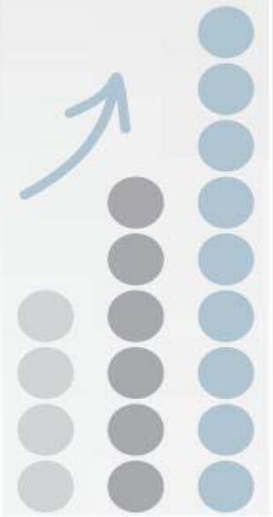


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*Normalised column adjusts for one-off items including JV startup loss, US export write-off, management restructuring costs and transaction costs written off.

FY2008 Summary of Financial Performance (cont/d...)

- ➔ Strong sales growth – 30% on prior year – driven primarily by consistent growth in core retail business, strong growth in foodservice business and contribution from acquired Creative Gourmet/Chefs Pride business.
- ➔ EBIT/Sales ratio and increase in ROCE negatively impacted by manufacturing efficiencies
- ➔ Effective tax rate 25% due to R&D tax concessions and the effect of prior year tax provision adjustments
- ➔ Increased interest costs due to a higher rate environment and increased borrowings on acquisition in May 07 and significant capex during FY2008
- ➔ Increased normalised earnings per share – 10.1¢ to 10.8¢
- ➔ Normalised earnings adjusted for the following one-off factors (after tax);
 - US export receivable write-off (\$333k)
 - Management restructuring costs (\$262k)
 - Transaction costs written off (\$99k)
 - Startup loss on Joint Venture (\$481k)



FY2008 Balance Sheet Summary

AUD\$m	June 2008	June 2007	Variance
Current assets	52.1	58.4	-6.3
Fixed assets	62.5	46.2	+16.3
Brands & goodwill	79.4	78.3	+1.1
Investments in associates	8.0	5.3	+2.7
Other assets	3.0	3.6	-0.6
Total assets	205.0	191.8	+13.2
Current interest bearing liabilities	9.5	5.6	+3.9
Other current liabilities	17.5	24.4	-6.9
Non-current interest bearing liabilities	61.2	49.3	+11.9
Other non-current liabilities	7.6	7.1	+0.5
Total liabilities	95.8	86.4	+9.4
Net assets	109.2	105.4	+3.8

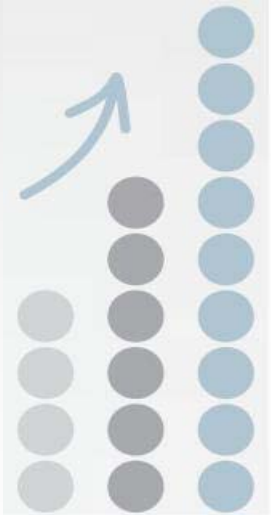


FY2008 Balance Sheet Summary (cont/d...)

- ➔ Capital employed increased by \$20m as a result of significant capital expenditure program in FY2008 which is expected to result in future operating benefits
- ➔ Key debt ratios increased as a consequence but still well within borrowing covenants

	Covenant	June 2008	June 2007
Net Debt/ EBITDA		2.4x	2.1x
Gearing ratio		38%	33%
Interest cover ratio	>3.0x	5.4x	5.9x
Capital adequacy	>45%	53%	55%
Debt cover ratio	<4.0x	3.0x	2.6x

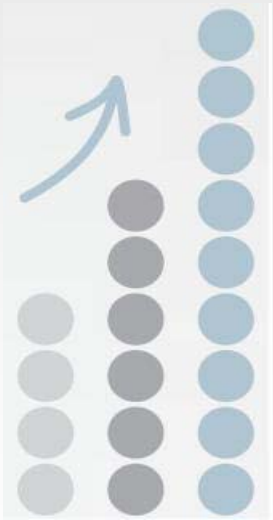
- ➔ Capital expenditure will return to levels in line with depreciation in FY2009 and focus will be on driving benefits from investment made in FY2008.



Capital Management

- ➔ Total debt facilities drawn at 30 June 2008 \$70.7m
 - Total facilities \$75.5m
 - Borrowing levels well within borrowing covenants
 - \$23.5m of fixed interest borrowing expired and rolled to floating rate debt July 2008
 - Total facilities refinanced to July 2009
 - Longer term facility to be agreed
 - Review of interest rate hedging strategy to be undertaken

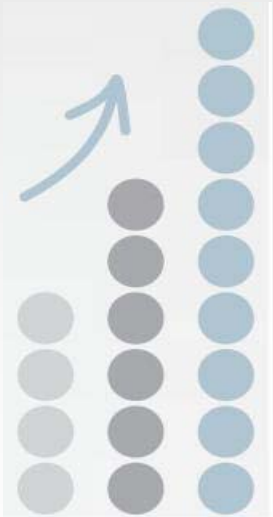
- ➔ On-market share buyback commenced April 2008
 - Total of 380,000 shares purchased at weighted average price of \$1.05 per share which is EPS accretive
 - PFL will continue to buy shares at such times and in such circumstances as is considered beneficial to the efficient capital management of the company



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Capital Management (cont/d...)

- Concluded successful second round offer of the Exempt Employee Share Plan
 - 150 eligible employees participated purchasing \$1,000 worth of shares each
 - Provides opportunity for employees to participate in the success of the company with positive incentive benefits for all shareholders
- Increased dividend per share for the full year to 7.3¢
 - Fully franked dividend
 - Payout ratio of 73%

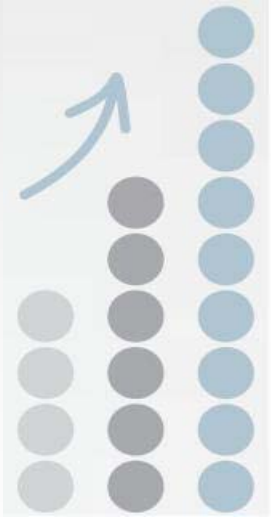


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Retail Sales Performance

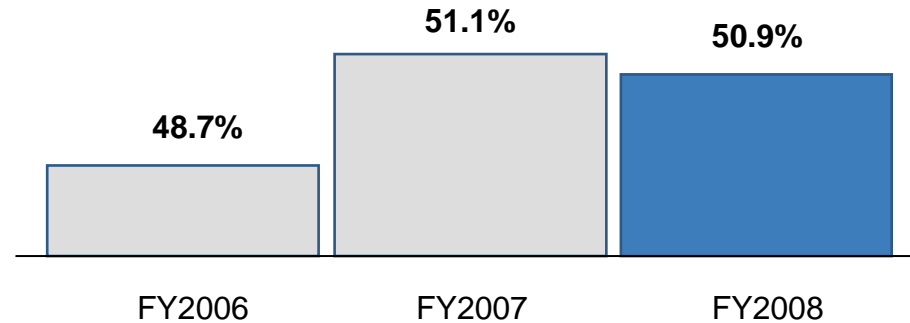
Highlights – Savoury Segment

- ➔ PFL retains market leading share in FY2008 in line with prior year and continues to maintain growth in share over FY2006.
- ➔ New entrants and products have added growth to overall category sales in FY2008 versus prior year.
- ➔ Existing competition has contributed to an active selling environment – price war in savoury category.
- ➔ Patties grew dollar sales closely in line with more robust category growth in FY2008 after significant gains in FY2007.



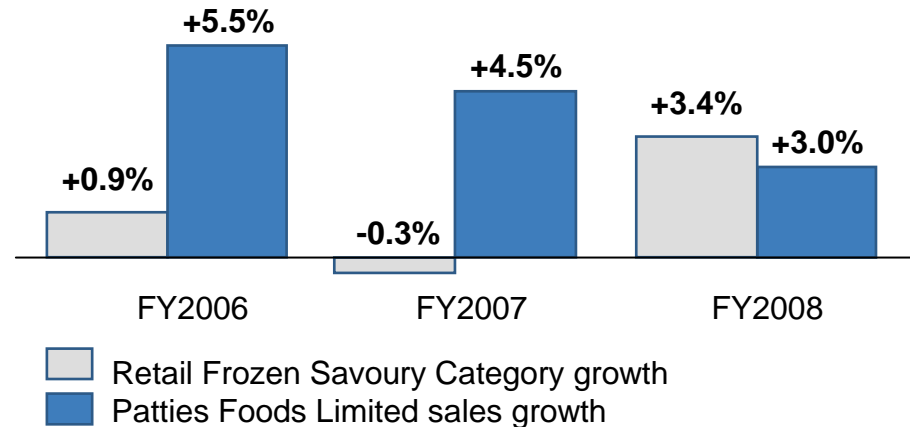
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Market Share – Frozen Savouries¹



1. National Dollars – source: Aztec Scan Data

Sales Growth on Prior Year²

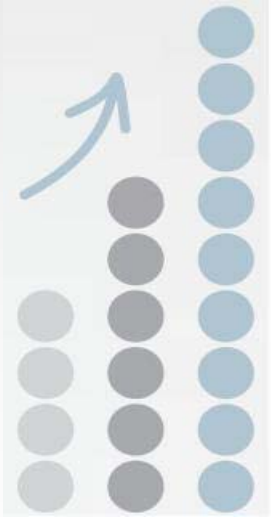


2. National Dollars – source: Aztec Scan Data

Retail Sales Performance

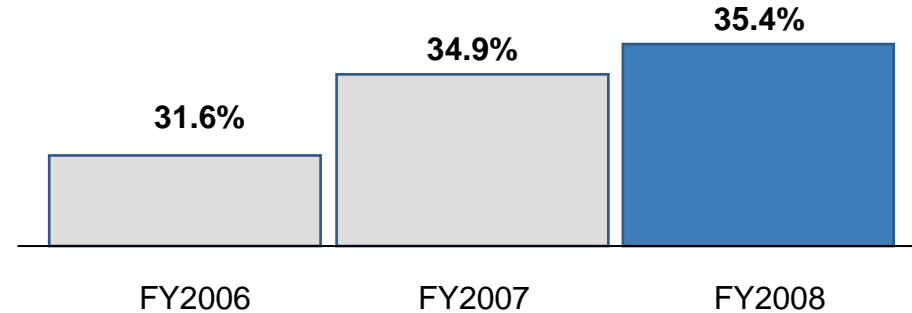
Highlights – Desserts Segment

- ➔ PFL continues to grow market share in Desserts.
- ➔ Growth in share is sustained over last 3 years.
- ➔ PFL dollar growth consistently better than category over last 3yrs
- ➔ Frozen Retail Desserts category has exhibited strong growth historically, and growth of 11.6% in FY2008
- ➔ PFL sales growing faster than category in FY2008 despite new entrants in the market in FY2008.



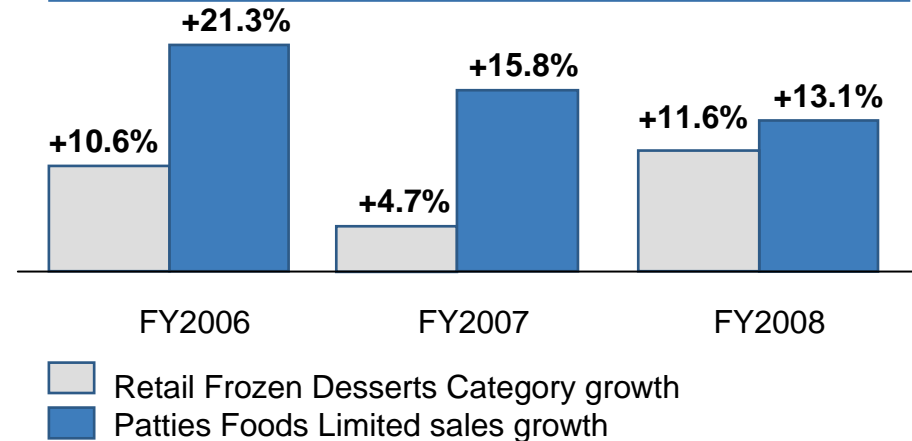
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Market Share – Frozen Desserts¹



1. National Dollars – source: Aztec Scan Data

Sales Growth on Prior Year²



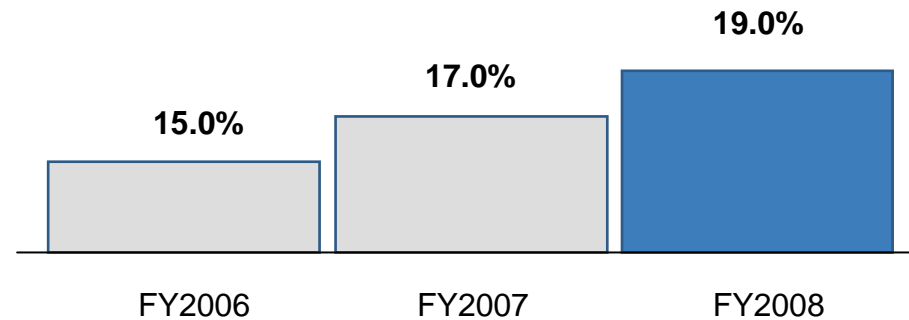
2. National Dollars – source: Aztec Scan Data

Foodservice Sales Performance

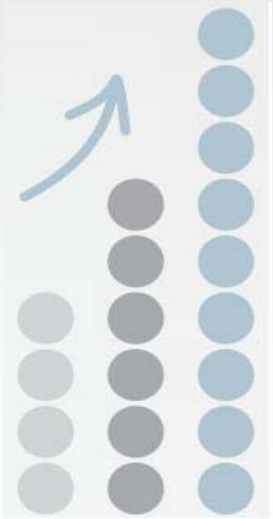
Overview

- ➔ Increased market share
- ➔ Continue to secure new national business
- ➔ Chefs Pride Integrated into Patties sales model
- ➔ Convenience and Education channels in double digit growth.
- ➔ Route market conditions flat
- ➔ Strong growth across Single Serve Pies ,Sausage Rolls and Pasties
- ➔ Launch of Telesales team to compliment expanded field team
- ➔ 5 Year Strategic plan implemented
- ➔ Appointment of dedicated Foodservice Marketing Manager

Market Share¹



1. Market shares based on management estimates.



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Operational Update

Bairnsdale Operations

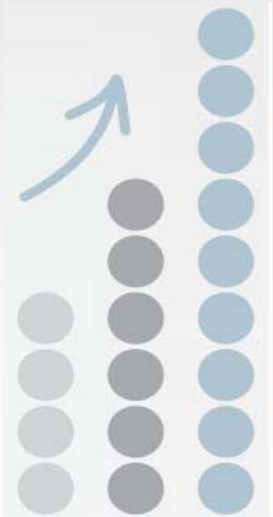
- New state-of-the-art savoury pie production line providing increased capacity to service the growing foodservice market
- Replacement of existing fruit pie production line providing significantly reduced waste and increased flexibility, efficiency and production capability.
- New 10,000 pallet freezer warehouse completed and fully operational enabling reduced reliance on third party warehouse providers and better, centralised management of national stock distribution.
- Storm Water retention and recycling system installed
- State of the art meat tempering and in-line x-raying systems installed
- Completion of enterprise bargaining agreement for a 3 year term.

Silverwater Operations

- Operations and IT systems being integrated across FY2008 and early FY2009

Davies Bakery Joint Venture

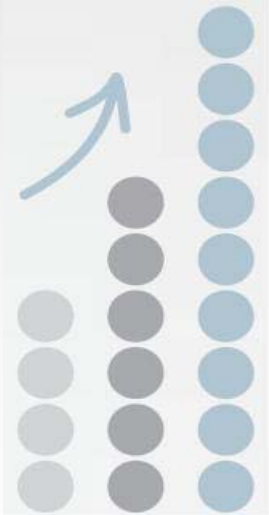
- Plant commissioning substantially completed and fully operational
- Standard Operating Procedures & Quality systems reviewed and re-developed
- In-line x-raying installed



Customer Service and Logistics

Cost Containment

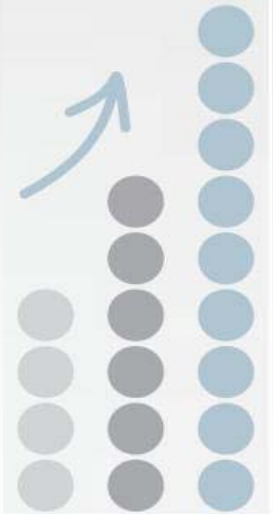
Diesel price increased from \$1.25 per litre in June 2007 to \$1.80 per litre in June 2008. PFL was able to recover fuel costs in the inflated price environment of FY2008.



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New 10,000 Pallet Freezer

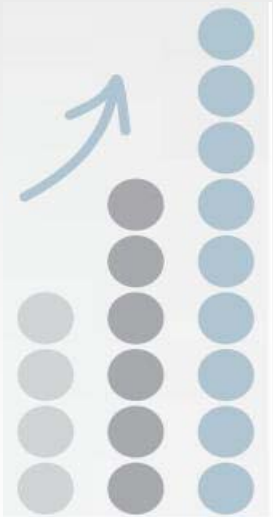
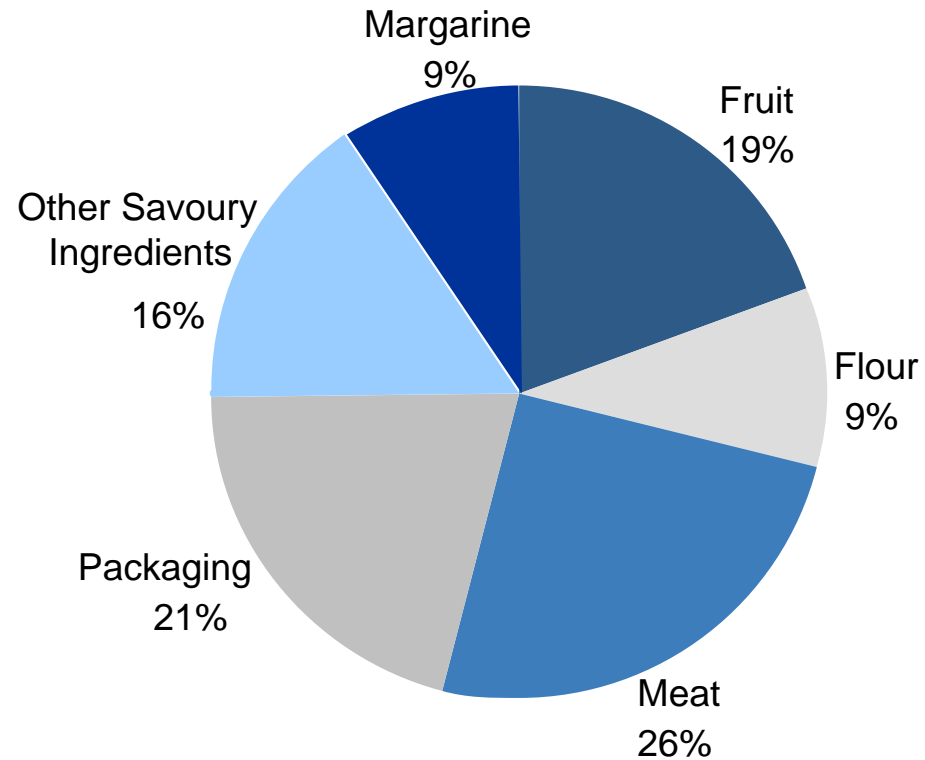
Provides ability to reduce storage costs through reducing reliance on third party logistics providers. Also expected to deliver benefits and cost containment through transport load optimization in and out of the Bairnsdale facility and enhanced distribution and inventory management.



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Raw Materials Procurement

Raw Material Spend Composition



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Raw Materials Procurement

Effective Raw Material Management

➤ Meat

- Forward purchasing at opportunistic pricing windows
- Utilising a national grid of approved suppliers,
- Close scrutiny and deep experience of the key drivers of the meat commodity market
- Developing other synthetic hedging strategies through basis contracts and meat hedging products based on the Eastern Young Cattle Index (EYCI)

➤ Packaging

- 3 year strategic contract in place with prices fixed for FY2009

➤ Margarine

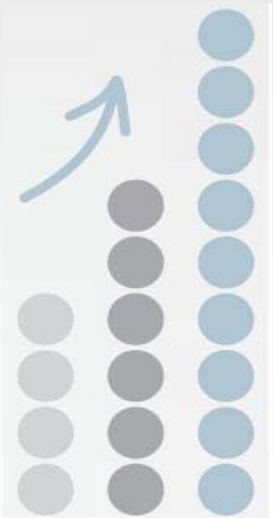
- Competitive contracts with multiple suppliers
- Forward purchased supplies to March 2009

➤ Flour

- Competitive contract – prices fixed to December 2008

➤ Fruit

- Commodity prices fixed annually between 2 competitive National suppliers.



Marketing Overview

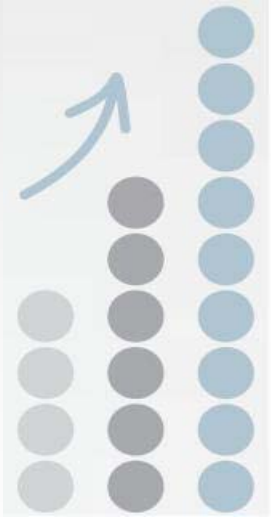


- Four'n Twenty
- Herbert Adams
- Patties
- Nannas
- Creative Gourmet
- Chefs Pride
- Snowy River

- Advertising
- Consumer promotions
- Enduser promotions
- POS/Brand Visibility
- Sponsorship and Events
- Public Relations
- Product Sampling

- Consumer Research
- Category Workshops with Retailers
- Innovation
- Global best practice benchmarking
- Foodservice segmentation

- Market & Category Leadership
- Differentiation from Private Label
- Consumer 1st choice
- Horizon 1 results focus
- Horizon 2 growth focus



Built and developed strong brands, via;

- Brand and Product Differentiation
- Consistent communication of brand values
- High share of voice for the categories we operate in
- Appropriate targeted media and advertising
- Effective Consumer and Enduser promotions

Focused on category development

- To ensure we are operating in strong, vibrant, mainstream categories
- To uncover growth opportunities
- To maximise our market share performance
- To take a market leadership role with our customers
- To deliver results & growth across multiple channels

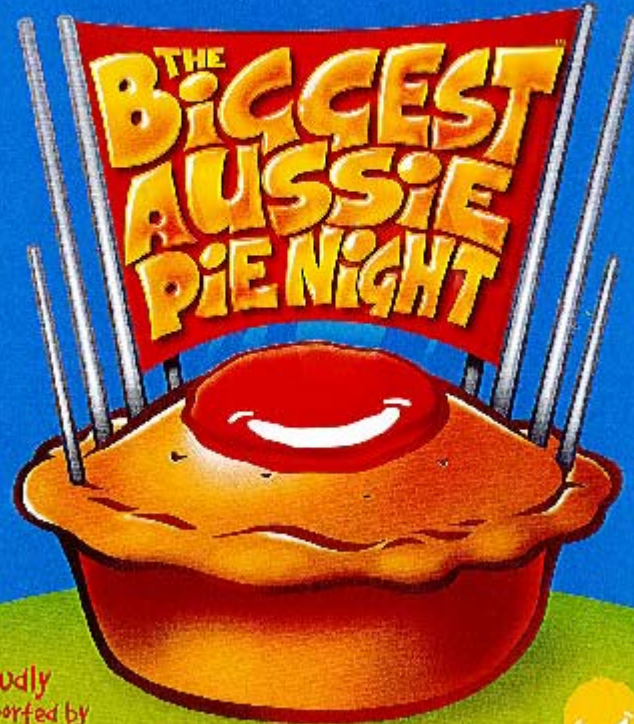


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Strong Brands

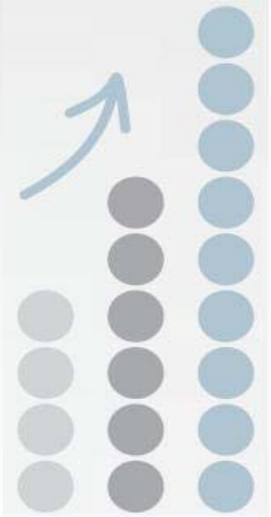
Support of the Challenge Biggest Aussie Pie Night Appeal for Kids with Cancer

How to plan your
Biggest Aussie Pie Night!



Proudly
Supported by
FOURTWENTY

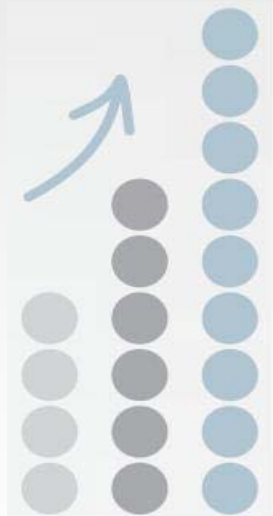
August 1st - 31st



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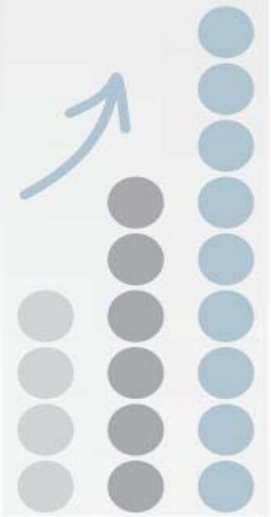
Brand Investment

Magic Salad Plate Promotional Campaign



Category Development

Enhanced Product Offering under Creative Gourmet Brand



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Human Resources

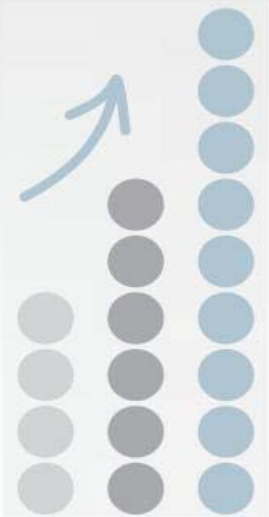
Key Achievements – Workplace Relations

Our Workplace Relations strategy aimed to achieve the following objectives upon the expiry of the three year Enterprise Bargaining Agreement in July 2008:

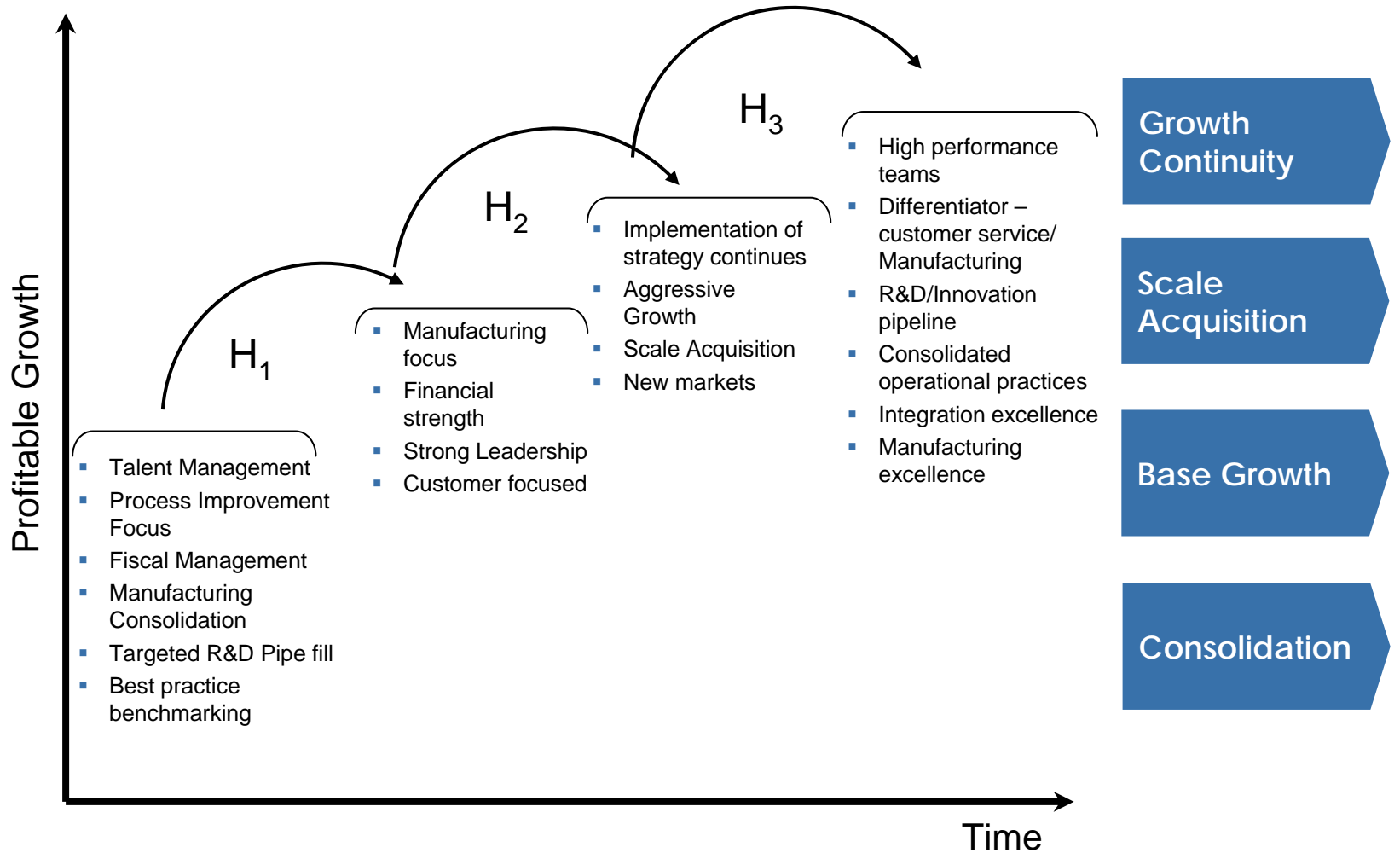
- ➔ Maintenance of non union workplace
- ➔ Alignment to business objectives & strategies
- ➔ Delivery of outcomes in relation to workplace productivity, process improvement, quality, safety, training, employee involvement and efficiency
- ➔ EBA to represent in full the terms & conditions of employment for Bairnsdale based manufacturing and maintenance staff (X% of total manufacturing workforce)

Workplace Occupational Health & Safety

A comprehensive OH&S surveillance audit was conducted across the Bairnsdale site in April and May in relation to compliance with the Victorian Occupational Health & Safety Act 2004 (The Act) and associated regulations.



Strategic Delivery



Strategic Intent: *Branded Frozen Food Company*

2008-2009

2009-2010

2010-11

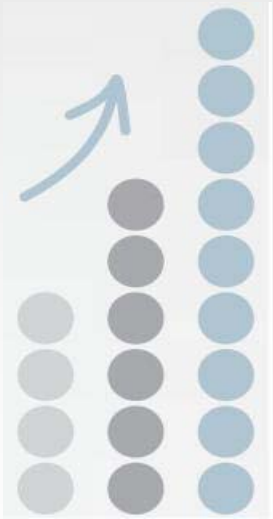
Beyond



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FY2009 Outlook

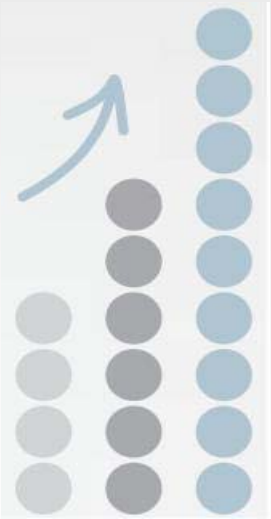
- Year of consolidation and improved financial results
- Building on process improvements made in FY2008
- Growth expected to exceed FY2008
- Expecting to achieve or exceed analysts expectations
- Solid revenue growth expected from
 - Growing Foodservice presence
 - New products in retail categories
 - Building on investment and manufacturing improvements made in FY2008



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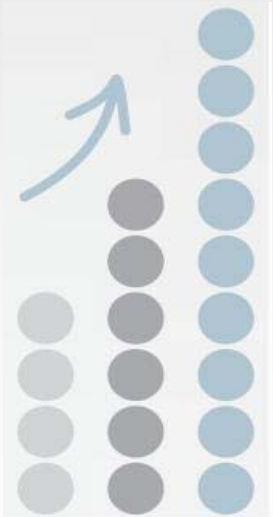
FY2009 Outlook

- Good control of manufacturing costs
- Raw material, depreciation, utilities and logistics increases expected to be recovered through improvements and price increases
- P&L responsibilities deeper within the organisation
- Focus on supporting our leading brands
- Future acquisitions will be reviewed as part of a strategic review in the second half of FY2009
 - Branded Frozen Food
 - Australia/New Zealand
 - Food Service and Retail



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THANK YOU



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