



Australia's Leading Branded
Frozen Food Company

**Managing Director's
Address**

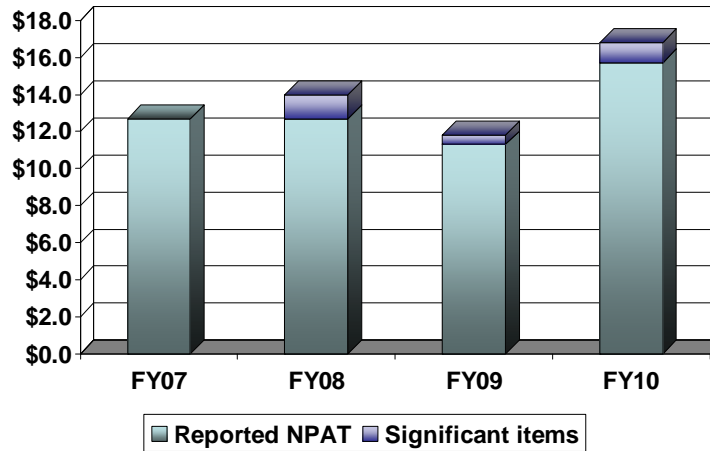
**Annual General Meeting
25 November 2010**

Thank you Chris, and I would like to formally record my thanks to the Board and you for the support of the leadership team over the last year.



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Strong turnaround to achieve a record profit

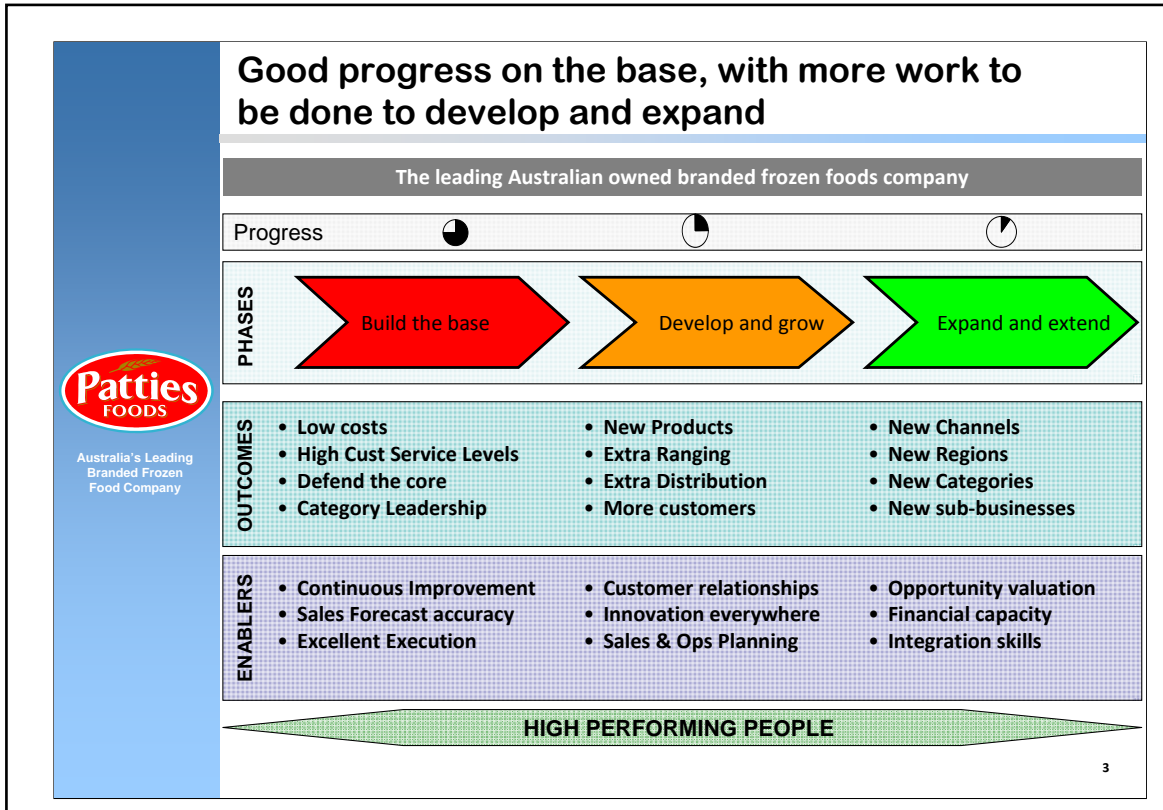


- Underlying NPAT \$16.8m - up by \$5.0m (42.2%) on last year.

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At last year's AGM I reported a financial result for FY09 that was clearly disappointing.

I am pleased to report the FY10 result was a big improvement. In the 12 months to June 2010, the business achieved a significant turnaround in earnings to produce a record profit. This was driven by strong revenue growth combined with improved factory performance to achieve a 42% improvement in the underlying profit after tax. Sales revenue was up 9.9% or 17.7 million dollars, with underlying profit after tax up by 5 million dollars.



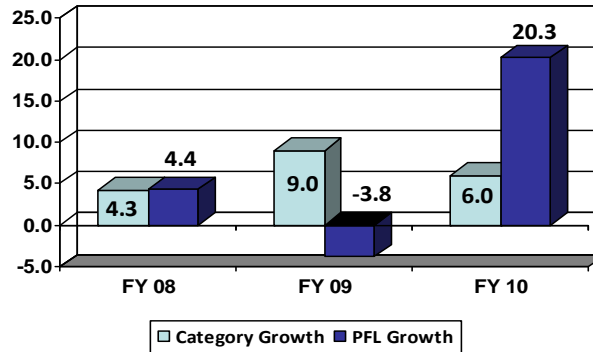
This result comes after a year of focused effort by everyone in the business on the “Build the Base” phase of our strategic plan. We have maintained a relentless drive to reduce factory conversion costs and build revenue over the last year.

Strong growth of In-Home Savoury



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20.3 % growth from last year



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During the year we rebuilt market share in our important In-Home savoury category with revenue increasing well over the category growth. Our strong relationships with the major supermarkets have enabled Patties' brands to grow to record market shares in Single Serve Pies, Party range and Fruit Pies.

Creative Gourmet

The market leading brand in
Frozen Fruit



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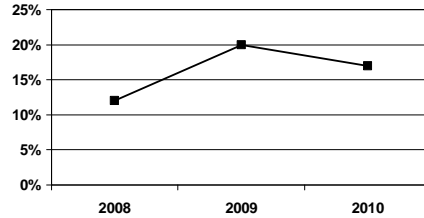
The Frozen Fruit category continues to provide opportunities for us. With the market leading brand of Creative Gourmet, we believe we can capture more growth as more consumers buy frozen fruit products. We can capture this growth by supporting this important brand through both consumer marketing and trade support and also by launching new products.

Out-of-Home sales continue strong growth



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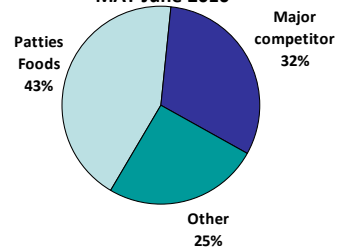
Revenue Growth from prior year



Patties[®]
CATERERS SELECTION



National P&C Channel .
Market Share
MAT June 2010



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The Out-of-Home revenue increased to another record level, in line with our strategy of increasing sales in the foodservice and other non-grocery channels. Our Petrol & Convenience business grew significantly during the year with strong relationships built with the major P&C customers.

Successful launch of Angus range



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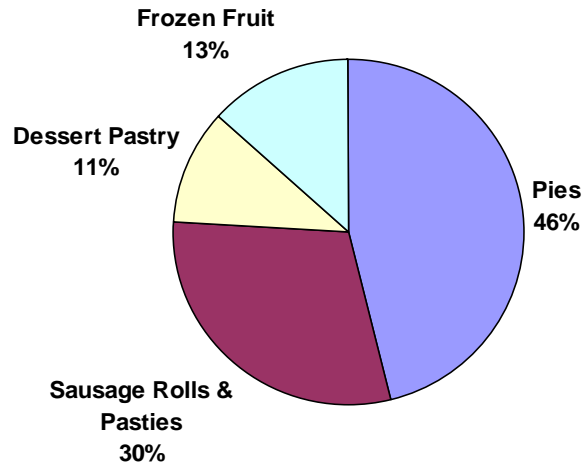
The new Four'n Twenty Angus range was developed during the year and launched just before year end. The investment in extra production capacity over the last few years has made this launch possible. With this range now sold in both the Out of Home and In Home channels, and with an extensive TV marketing campaign supporting the launch, we expect Four n Twenty to provide further growth in the near term.

**We are the biggest pie company, but ...
we aren't just a pie company !**



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Revenue by product mix



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Pies are an important part of this company, and while we are certainly the largest pie company in Australia, we aren't just a pie company. Our desserts business continues to grow with Nanna's and Creative Gourmet brands retaining market leadership.

Relocation of Frozen Fruit packing to Bairnsdale.



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In February we successfully closed and relocated the frozen fruit packing operation from Silverwater NSW to Bairnsdale. This has lowered our cost base and has ensured the Creative Gourmet business can remain competitive in a very competitive market, and with new innovative frozen fruit products soon to be launched under the Creative Gourmet brand we expect this business to grow.

Great manufacturing assets with strong Continuous Improvement processes.



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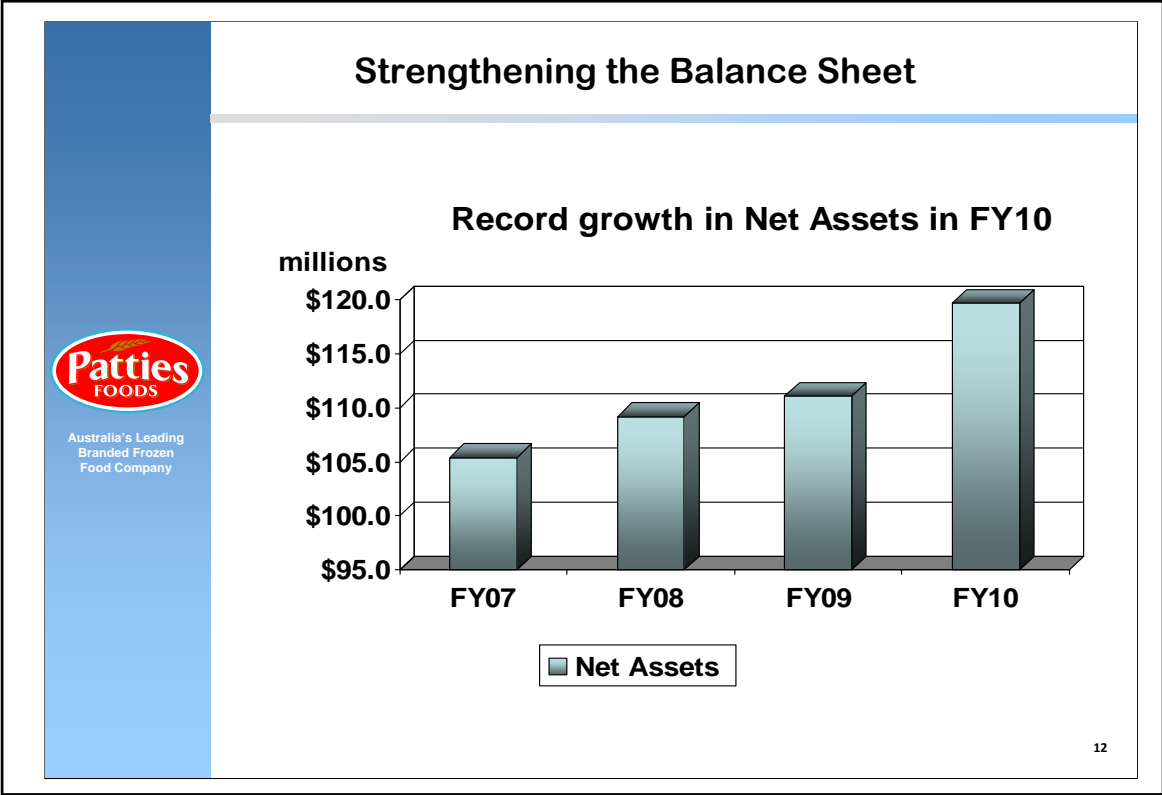
Manufacturing efficiencies are a critical driver of profits. During the year conversion costs continued to reduce as we improved the economies of scale from the investment in production capacity during the year, and further developed our team based continuous improvement projects.



A critical factor of our short and long term strategic plans is to maintain and build the high performance culture in the company. Every business growing at this rate needs to recruit extra people to make more products and service our expanding customer base. Our rigorous recruitment process has brought many highly skilled people to Patties, and it is great to see the blending of new people with the experienced long serving people in the business.

Patties has a strong culture of sharing, established over many decades. Both outside the company with community groups, and also within the company to our employees. Each year since the ASX listing in 2006 the company has offered employees an opportunity to purchase shares in the company. More than half of our fulltime work-force are shareholders, and many have purchased more shares each year as part of this annual share scheme. This is a great opportunity for employees to share in the growth of the company.

I am also pleased that during the year after introducing a comprehensive incentive scheme across the business, we were able to recognise high performance in many of our people. 340 people received monetary incentives based on specific and targeted key performance indicators across the business. The Board also introduced a long term incentive plan for the Patties Leadership Team to both retain and incentivise the key leaders to achieve a significant increase in shareholder value over the next 3 years.



With the strong cash flow from both the improved trading and improved working capital management, the balance sheet has been strengthened. This has now provided the company a strong foundation for capturing external growth opportunities. As part of our “Expand and Extend” strategic phase we will identify external opportunities to either extend our brands or add further brands to our portfolio.

Happy retirement Harry Rijs



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I would like to make special mention of one of the Rijs brothers who has announced his intention to retire from his active executive role.

Harry Rijs recently commenced his long service leave and will formally retire in 2011. After 38 years in many diverse roles in the business, including Director of Sales and Marketing during a significant growth period and the acquisition of Four'N Twenty, Harry has decided it's time to spend more time with family and friends and to pursue personal interests. Throughout his time at Patties Harry has been a great driver of our customer service ethos and laid the foundations for our current multichannel customer service and distribution systems. He not only has great relationships with customers, he also inspires and encourages all around him to ensure Patties continues to provide the very best customer service and to always maintain a caring attitude. We all wish him and Kaylene a long and happy retirement.

Harry thank you for the outstanding contribution you have made in building this great company. I look forward to continuing to work with you as a director on the Board of Patties Foods.



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Outlook

- Deflation is wide spread as supermarkets compete for lowest prices.
- Strength of brands is critical to ongoing success.
- Consumers want our brands.
- We will continue to work with our retail partners to meet consumer needs for both quality and value.
- We can be confident of building shareholder value by
 - Growing our leading brands of
 - **Patties, Creative Gourmet and Four n Twenty**
 - Continuing to build efficiencies in our operations

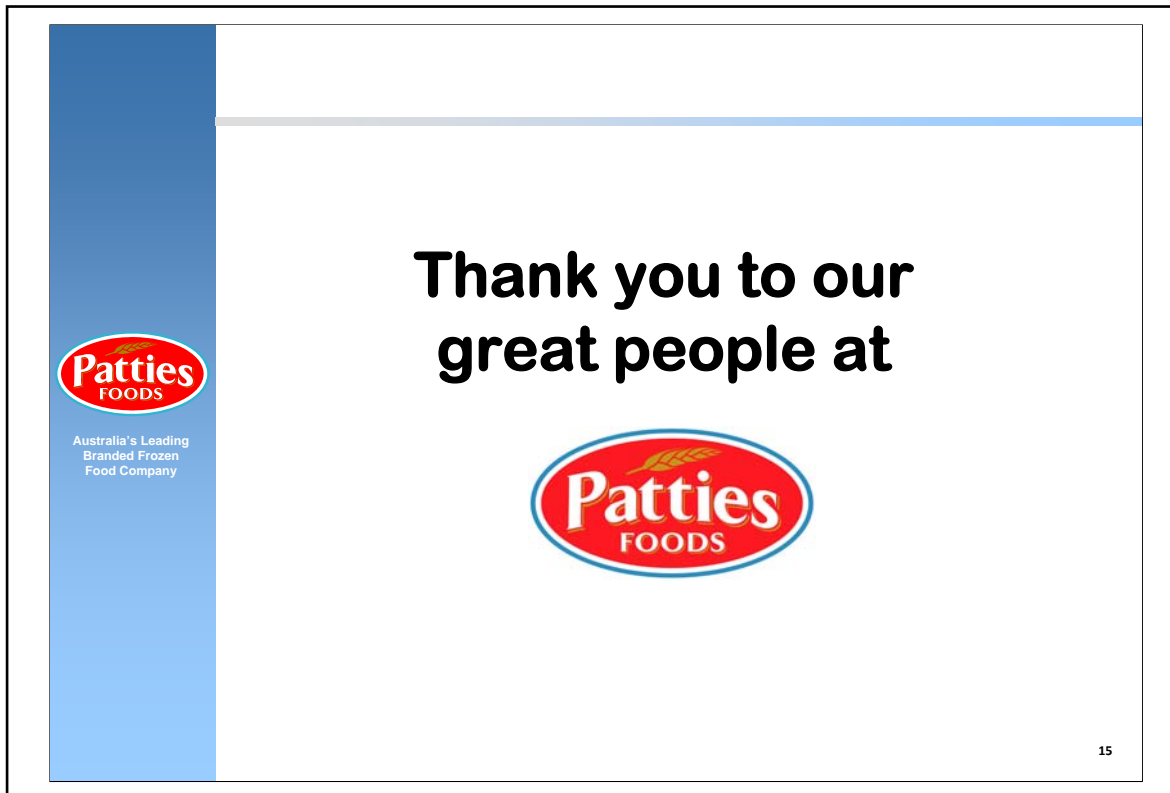
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Whilst the economy is in growth the retail industry is experiencing trading conditions not seen in decades. Deflation is wide spread across the major supermarkets as they compete for lowest prices. In this environment, suppliers' margins are continually squeezed. The one competitive advantage for manufacturers is brand strength. Australian consumers are loyal to brands and rely on their trusted brands to provide quality food at a fair price. Your company with strong brands is well placed to work with our retail partners to meet consumer needs for both quality and value.

As Chris mentioned, we are in a challenging business environment. But as the market leader with great brands and excellent manufacturing capability with great assets, we are confident we can continue to build shareholder value.

In particular, over the next year we will support and build our Patties range of party products with TV support and retail promotions. As I mentioned earlier we will also support and build our Creative Gourmet range with improved packaging and innovative new products. And of course we will continue to support our Four n Twenty brand, through the Angus range, in both our growing Petrol and Convenience channel and the supermarket channel.

The recent success of Angus, our ongoing revenue growth from our strong brands and continuing improved factory efficiencies with spare production capacity, builds our confidence in being able to continue to increase earnings.



The FY10 record profit could not have been achieved without the hard work of our great people.

So to all the people in the company right around the country, thank you for your efforts to make this result possible.

Ladies and gentlemen, once again I thank you for attending this year's AGM. Please join us and enjoy some of your company's products with refreshments.