



Australia's Leading Branded
Frozen Food Company

CHAIRMAN'S ADDRESS

**Annual General Meeting
November 25, 2010**

In my first Chairman's address at last year's Annual General Meeting, I outlined the Board's view that there were three main areas on which we needed to focus in order to realise the Company's significant earnings potential, being:



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Three Main Areas of Focus

1. Strong, united Board
2. Revitalised senior management team appropriately incentivised for outstanding performance
3. Board and senior management team implementing a clear, strategic direction focused on business fundamentals

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1. A strong, united Board with the requisite skills and experience and a commitment to proper Corporate Governance Principles;
2. A revitalised senior management team, supported by the Board and appropriately incentivised for outstanding performance;
3. The Board and senior management team working closely together to develop and implement a clear strategic direction for the business, with the primary focus of concentrating on the fundamentals of the existing business.



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Trading Performance

- Excellent FY2010 trading performance confirms good progress
- Increase in NPAT of 42.4% to \$16.8m
- Trading performance reflects improvements in identified business fundamentals
 - Brand strength
 - Increased Out-of-Home sales
 - Innovative new products
 - Improved manufacturing efficiencies
 - Sound capital management - strengthened balance sheet

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The excellent trading performance for the year ending 30 June 2010 confirms that we have made good progress in all three areas.

An increase in underlying NPAT of 42.4% to a record \$16.8m was a pleasing result. It was particularly pleasing that the trading performance was based upon improvements in the identified fundamentals of the business:

Strength of our brands - reflected in a steady growth in market shares;

Out of Home sales - a 17.1% increase;

Innovative new products - strong pipeline of new product launches;

Improvement in manufacturing efficiencies;

Sound capital management - total net operating cash flow of \$22.2m., resulting in a strengthened balance sheet.

Long Term Incentive Plan



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- Important that the Company is able to attract and retain high quality senior executives.
- Terms of Long Term Incentive Plan announced on 3 December 2009
- Vesting of options subject to achievement of challenging performance hurdles
- Vesting Schedule

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On 3 December 2009, we announced the terms of a Long Term Incentive Plan for key management personnel. Details of the Plan were contained in the announcement and at pages 18 and 19 of the Annual Report.

Long Term Incentive Plan (cont/d.....)



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FIRST TRANCHE - 50% of the options

EPS Growth over 3 year period ending FY2012	Proportion of option grant vesting
Less than 23% per annum	0%
Equal to 23% per annum	50%
Greater than 23% per annum but less than 26% per annum	Proportionate vesting in a straight line between 50% and 100%
26% per annum or greater	100%

SECOND TRANCHE - remaining 50% of the options

EPS Growth over 4 year period ending FY2013	Proportion of option grant vesting
Less than 19.5% per annum	0%
Equal to 19.5% per annum	50%
Greater than 19.5% per annum but less than 23.5% per annum	Proportionate vesting in a straight line between 50% and 100%
23.5% per annum or greater	100%

- The Plan will align the interests of senior executives with those of our shareholders

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A key aspect of the Plan is that vesting of the options will be subject to the achievement of performance hurdles requiring significant compound annual earnings per share growth (**EPS Growth**)

I am sure you will agree that these performance hurdles are extremely challenging and, if achieved, should result in the creation of significant shareholder wealth. The Plan will appropriately reward exceptional performance and allow us to attract and retain high quality executives. Importantly, the Plan will align the interests of senior executives with those of our shareholders.

Outlook



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- FY2010 trading result was first step
- Room for further material improvement
- Business faces significant challenges
 - Consumer confidence and retail conditions uncertain
 - Highly competitive environment
 - Price deflationary pressures
- Well positioned to face these challenges and take advantage of growth opportunities
- Further increased earnings expected in FY2011

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The FY2010 trading result was the first step in Patties realising the enormous potential of its business. Your Board believes that there is room for further material improvement provided there is a disciplined, ongoing commitment to the business fundamentals.

There is no doubt that our business faces significant challenges. Consumer confidence and retail conditions are uncertain; we operate in a highly competitive environment, particularly in the In Home retail sector where there are price deflationary pressures.

Your Board believes that the Company is well positioned to face these challenges and to take advantage of the various growth opportunities that are available.

Year to date trading performance is in line with expectations and the Board is confident that the Company will deliver further increased earnings in FY2011.

I would like to take this opportunity to thank my fellow directors for their ongoing support and commitment. In particular, I wish to pay a special tribute to Ernst Barr, who will retire from the Board in December 2010 after 16 years as a director, including 11 years as chairman. Ernst guided the Rijs family through the Company's rapid growth and transition from a private to a listed company. He has made an invaluable contribution and will be sorely missed.

I also wish to thank Greg Bourke, his senior executive team and all Patties Foods staff for their continued dedication and commitment to improving the Company's performance and, in turn, shareholder value. I would also like to thank our customers, suppliers and advisers. In particular, I thank you, our shareholders, for your continuing support.

I would like to now introduce to you our managing director, Greg Bourke, who will present a review of operations.

Thank you.