



ABN 62 007 157 182

27 November 2008

REGISTERED OFFICE

Patties Foods Ltd
161-169 Princes Highway
PO Box 409
Bairnsdale Vic 3875
Telephone: 03 5150 1800
Admin fax: 03 5152 1135
Sales fax: 03 5152 1054
Freecall: 1800 650 069
Info@patties.com.au
www.patties.com.au

MENTONE OFFICE

Patties Foods Ltd
Chifley Business Park
Level 2, 1 Joseph Avenue
Mentone Vic 3194
PO Box 115
Dingley Vic 3172
Telephone: 03 8540 9100
Fax : 03 9551 3393
Info@patties.com.au
www.patties.com.au

The Announcements Office
Australian Stock Exchange Limited
Level 45 South Tower
525 Collins Street
MELBOURNE. VIC. 3000

Dear Sir/Madam

Patties Foods Limited (PFL)
Acting Chairman's Address - Annual General Meeting 2008

Please find attached, the Acting Chairman's address which will be delivered to shareholders at the Annual General Meeting today.

The attached document will be posted to the Patties Foods' website once released to the market.

Yours faithfully

Philip W Thomas
Company Secretary





Address to the

2008

ANNUAL GENERAL MEETING

of

PATTIES FOODS LIMITED

by

Mr Ernest W Barr
Acting Chairman

2.00 pm - 27 November 2008
East Gippsland TAFE Auditorium
41 Main Street, Bairnsdale

Now that we have dealt with the Business of the Meeting, I would like to provide, on behalf of the Board, an update on matters that have arisen since the end of the 2007/2008 financial year.

Board and Senior Executive Changes

As people are our greatest asset, I devote much of my report to updating you with our latest human resources challenges.

During recent months, a number of our directors and senior managers resigned. They are Peter Kempen, Michele Allan and Beth Schofield. Each made a significant contribution to the building of the Company and they will be missed. On behalf of the Board, I thank them and wish them success in their business careers.

Recruitment of new colleagues is now a top priority. To date, we have been fortunate in attracting two very experienced and respected persons to our team.

- **Chief Executive Officer - Greg Bourke.** Greg had a 20 year career with George Weston Foods Limited. He has held a number of CEO and CFO appointments at Westons, the latest being CFO of the Meat and Dairy Division (Don Smallgoods). This division is approximately twice the size of Patties in sales revenue and employee terms. Much to his credit Greg, as a part time student, graduated with an MBA from the Australian Graduate School of Management and a Bachelor of Business from Victoria University.
- **Non Executive Independent Director - Greg Dharam.** Greg worked with Retailer, Woolworths Ltd for 30 years. He held a number of senior positions on both State and National levels - including buying/marketing, operations and logistics. In 1995, Greg was honoured by suppliers; winning Foodweek "Chain Store Retailer of the Year" award. Greg left Woolworths in 2007 and, in February this year, was appointed as CEO Favco Group - a major player in the produce industry. Greg has recently been appointed as a Director on the Citrus Australia Board.

On behalf of the shareholders, we welcome our new colleagues in the knowledge that their experience will allow them to help build our great company.

We are now involved, with the help of specialist consultants, in a thorough search for suitable candidates to fill the positions of Independent Non Executive Chairman and Chief Financial Officer. We are very confident that our new recruits will allow us to continue with the reputation of attracting top talent to our leadership team.

I want to stress that we will continue to have a Board with a clear majority of independent non executive Directors.

My position as recycled Chairman will cease on the appointment of the new Chairman and I will then stay with the company as long as is needed.

Current Trading

The Company has traded successfully in the first four months of the current financial year (ie up to the end of October 2008). Sales are 9.4% ahead for the same period of the previous year. Sales growth has been experienced in most parts of the business. Our greatest problems to date have been on the supply and not demand side of our Company.

The delay in 2007/2008 of new savoury and sweet production lines coming on stream led to inefficient short runs and out of stocks impacting negatively on margins. This situation continued into the early months of the current financial year. Margins in the first four months of 2008/2009 are, however, ahead of last year's corresponding period.

Since August 2008, we have engaged Lauras International, a very experienced manufacturing consultancy to Fast Moving Consumer Goods companies, to advise on how to improve our manufacturing efficiency. Lauras have identified a number of opportunities for improvement which we are now progressing.

We have been asked to forecast the current year's financial results. In the current turmoil of the economic downturn, we have decided, based on the experience of more courageous companies, that it could be folly and misleading to table a forecast.

Creative Gourmet/Chefs Pride

These brands were acquired in June 2007 and made a significant contribution in 2007-2008. We now have one new branded and two private label competitors. These new entrants have helped to expand the frozen fruit category. Our retail market share has declined but our sales, including private label, have increased in the first four months.

The fruit component is imported and paid in US dollars. The recent weakness of our currency will increase the landed cost of the products. All brands rely on imports and will be equally affected by currency movements.

Input Costs

Four input groups - meat, flour, margarine and packaging, represent approximately 65% of our raw material purchases. To date, the cost of these inputs have been within our budget. Commodity prices have been gyrating this fiscal year. The signs are that we will continue to purchase within our budget targets.

New Products

Patties' has historically been a leader in new product innovation. The level of New Product Development activity has been reduced in recent times and the Company will remedy this situation by early next year.

Conclusion

I would like to thank my fellow Directors, the executive team and all Patties employees for their help and dedication through turbulent times.

All the people who work at Patties have the continuous growth into the most successful Australian owned public food company as their common objective. I am sure they will not disappoint our shareholders.

Closing

Before closing this part of our meeting, I am pleased to announce that the new manufacturing plant extension and freezer warehouse will opened tomorrow morning.

Thank you

Ernest W Barr