



JULY 2012

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## A message from the Chairman

It is pleasing to have continued earnings growth in a difficult trading environment. The management team has driven strong sales growth, increased manufacturing efficiencies and kept a tight control over costs. The Board remains committed to the strategic direction of the business as the Company enters the Expand and Extend phase of its growth strategy.

*Chris Riordan, Chairman*



## A word from the Managing Director

The team at Patties Foods has worked hard across all areas of the business to deliver another year of profit growth in FY12. Sales have increased significantly from last year with new contracts and growth in branded products. The second half saw increasing pressure on margins in the In Home (Supermarket) channel, particularly with the continued growth of private label products. Constrained consumer spending has caused the traditional foodservice channel to be flat.

The trading environment remains challenging with continuing margin pressure and low consumer sentiment. However we will continue to invest in developing new, innovative branded products and drive our long term growth initiatives.

The upgrade of our packing facility in Bairnsdale is on track. The robotic vision control pick-and-place packing equipment has arrived at Bairnsdale, and is being commissioned throughout July and August 2012. Initial working trials give us confidence that this new equipment will improve efficiencies and reduce costs.

I'd like to take this opportunity to acknowledge the contribution made by Adrian Rijs, of the founding Rijs family, who retired from Patties Foods in April after 27 years in the business. Adrian saw Patties grow from a small, regional business into national market leader with strong brands and a broad customer base. Adrian played an instrumental role in the development of our world class Quality Assurance systems, in-house testing Laboratory and product audit processes. Well done and thank you Adrian on behalf of all at Patties.

*Greg Bourke, Managing Director*



## Financial Calendar

### Projected Dates

- 27th August 2012...  
Full year results announced
- 17th September 2012...  
Record date for final dividend
- 8th October 2012...  
Final dividend paid
- 22nd October 2012...  
Release of Annual Report
- 22 November 2012...  
Annual General Meeting

## Export Manager Appointed

Patties Foods has appointed its first ever full-time Export Manager, to establish and build its export base, and capitalise on immediate opportunities to take our great brands and products to the world.

Mr Ross Gatta brings extensive international experience in Export Business Development for multi-national food companies. He was previously with Nestle, where he launched Nespresso in Korea, grew the Water business in Japan & France (Perrier, Vittel) and worked with Global Retailers and Distributors including Costco, Tesco, Suntory and many more.

Patties Foods Managing Director, Greg Bourke, said export growth has been identified as a key opportunity in the "Expand and Extend" phase of the

company's Strategic Plan.

"We are looking to gain market share in regions where there is present demand for our categories, and also create demand in regions where our categories are new and innovative to consumers.

"We see opportunities to leverage our core capabilities, competitive advantages and economies of scale, together with our iconic Australian brands and Australia's clean, green and safe food production credentials," Mr Bourke said.





## Four'N Twenty rolls out new Aussie Classics range

There's nothing like a new range of pies to get Australian consumers salivating.

Four'N Twenty is in the process of rolling out its new Aussie Classics range, which has taken Australia's most popular home and pub meals and "married them" with Australia's National dish - the meat pie.

The first flavours in the new range are Chicken Parma, Spag Bol, and Australia's favourite dessert - Apple.

The Aussie Classics are in the popular Traveller pie format, which are easy to eat on the go.

General Manager Marketing, Mark Connolly, says Aussie Classics are already proving a hit in the convenience market, and will soon be introduced into retail.

"We'll be supporting Aussie Classics with an extensive marketing campaign, designed to encourage trial and grow the market," Mr Connolly said.

## Creative Gourmet gets even more creative



Creative Gourmet continues to drive innovation in the frozen fruit market with the launch of our Certified Organic range of frozen berries.

The new Creative Gourmet Organic range includes frozen Certified Organic Raspberries and Mixed Berries, in 300g resealable packs.

Desserts Marketing Manager, Jane Westney, says the Organic range will be appreciated by consumers willing to pay a small premium for product of exceptionally high quality.

"Organic berries raise the bar in terms of colour, texture and flavour. There's a discernible premium quality appeal which is unique to Organic - you can see, feel and taste the difference," Ms Westney says.

And Creative Gourmet has launched new fruit and veggie varieties of its popular Smoothie Cubes™, which are developed to be mixed with fruit juice, not milk. The "Just add Juice" Smoothie Cubes™ are perfect for the lactose intolerant, and people who want a total fruit and veggie hit.

The new Creative Gourmet products are featured at the Good Food & Wine Shows in Melbourne, Sydney and Perth this winter.

## Major Software Upgrade installed for business expansion

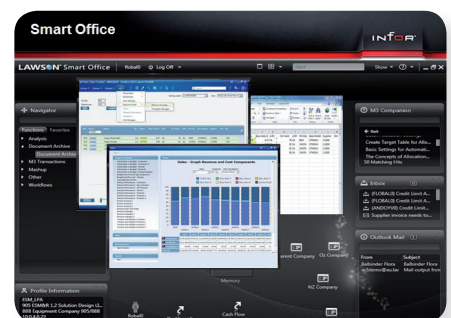
Patties Foods has successfully implemented a major business software upgrade to allow for future growth.

The upgraded enterprise management software was implemented by Infor over a four month period. It is expected to streamline operations, reduce administration costs and support international expansion.

Patties Foods General Manager IT, Zelko

Erdec, says the software upgrade has led to immediate business improvements, including increased efficiencies and greater customisation of production planning, stock management and customer service processes.

"The improved functionality allows for greater systems integration, benefitting current and future projects, and allowing greater scope for planned growth," Mr Erdec said.





## Adrian Rijs retires after 27 quality years



Adrian Rijs, one of the 6 brothers of the founding family who all worked in the business, has retired from Patties Foods, after 27 years of valued service.

Adrian headed up Quality Assurance at Patties Foods, having put a world-class quality process in place. He oversaw the development of the in-house testing Laboratory and Quality Audit system which has been the foundation stone of

the company's quality program.

He was instrumental in establishing Patties Foods' HACCP (Hazards Analysis and Critical Control Point) and SQF ('Safe Quality Food') certifications, and building a strong Quality Assurance culture within the business.

At a farewell function honouring Adrian's service, Managing Director Greg Bourke presented Adrian with a striking wall clock as a memento of his long and loyal service.

"Adrian has left an outstanding legacy in the company's on-going commitment to quality, and a strong team in place, led by Fred Griffiths, who will ensure the continuing success of this critical area of the business," Mr Bourke said.

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## Smoothie Cubes™ win global award!

Creative Gourmet's Smoothie Cubes™, the innovative frozen fruit cubes for making delicious smoothies in seconds, have won the Australian Country Award for SIAL d'Or 2012, the world's premier global food event to be held in Paris in October.

Entered in the Sweet Frozen Products category, Smoothie Cubes™ were proclaimed Australia's best food product for the SIAL d'Or 2012 across a wide field of category winners including, Fresh Dairy, Non-Dairy, Savoury Grocery, Sweet Grocery, Savoury Frozen Products, Non-Alcoholic Beverages, Alcoholic Beverages and Wine.

Smoothie Cubes™ will be presented with the Australian country award at the SIAL d'Or Award Ceremony on 21 October 2012 at the SIAL Paris Exhibition.

The award judges agreed, "Smoothie Cubes™ are a revolutionary product because they have been developed specifically with flavour, health and convenience in mind, with the help of a leading Australian nutritionist. Smoothie Cubes™ not only taste great, and are easy to use, but also provide important nutritional benefits".

