

kid culture

**Asia Investor Road Show
Hong Kong/ Singapore
June 2008**



Overall Themes

- Market leading position in Australia and New Zealand
 - Expect to maintain this position in the long term
- Developing a wide geographic footprint
 - Brand now available in almost 600 locations across 18 very diverse markets
 - Brand successfully crosses borders/ cultures
 - Providing investors exposure to numerous global markets
- Significant long term growth opportunities both in existing and future markets
 - The Pumpkin Patch model is scalable
 - Multi channel model (retail, wholesale, internet) gives flexibility in market entry strategies



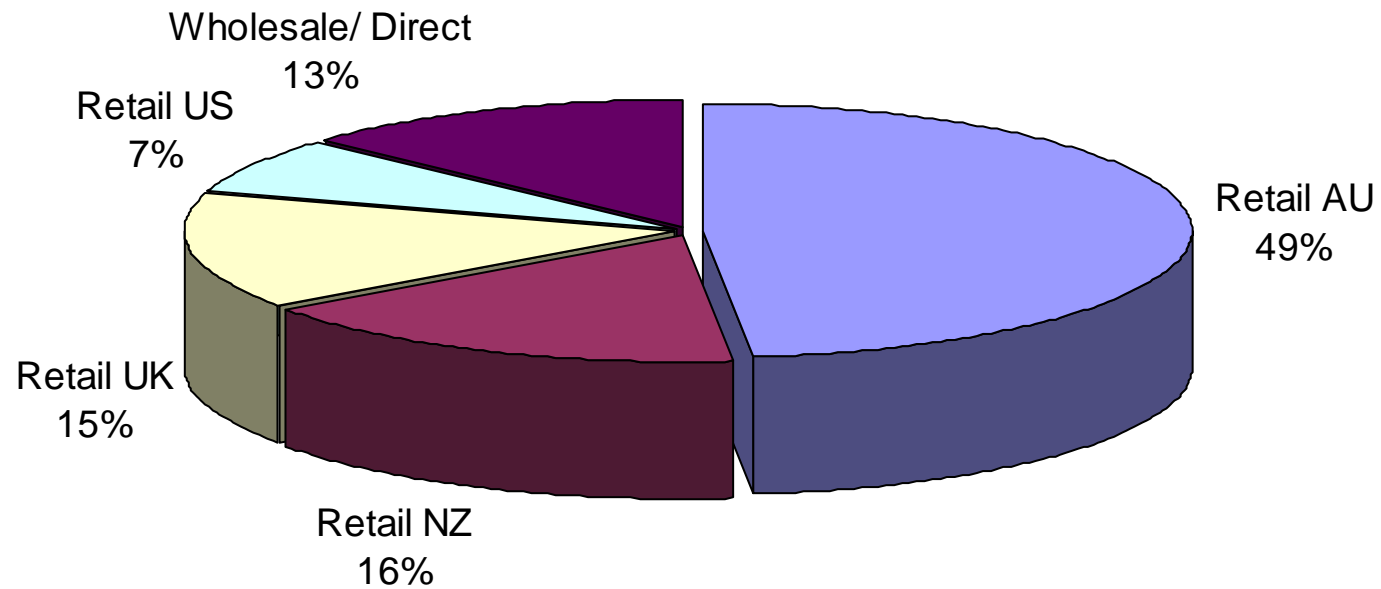
Overall Themes - cont

- Major global retail markets experiencing difficult trading conditions
 - Cyclical in nature
 - Well positioned in Australasia due to brand strength and customer following
 - More exposed in the newer markets of United Kingdom and United States
 - Childrenswear more defensive than adult fashion
- Growth has been funded by borrowings
 - Expansion into the United States and the United Kingdom has been debt funded
 - Significant reductions in debt will be achieved via continued strong cash flows from established markets and reduced capital expenditure and lower stock holdings in FY09



Multi market sales model

- Developing geographic diversity
- Sales mix moving away from Australasia



Multi channel sales model

- Retail - company owned stores
- Wholesale - 3rd party relationships
- Direct - internet and mail order



Pumpkin Patch - Retail

- 227 company owned stores across 4 markets
 - Australia 106
 - New Zealand 52
 - United Kingdom 36
 - United States 33
- Stores are typically between 250m² and 350m²
- Create a warm and friendly 'designer store' atmosphere
- Customer service paramount
- Potential for growth in all markets



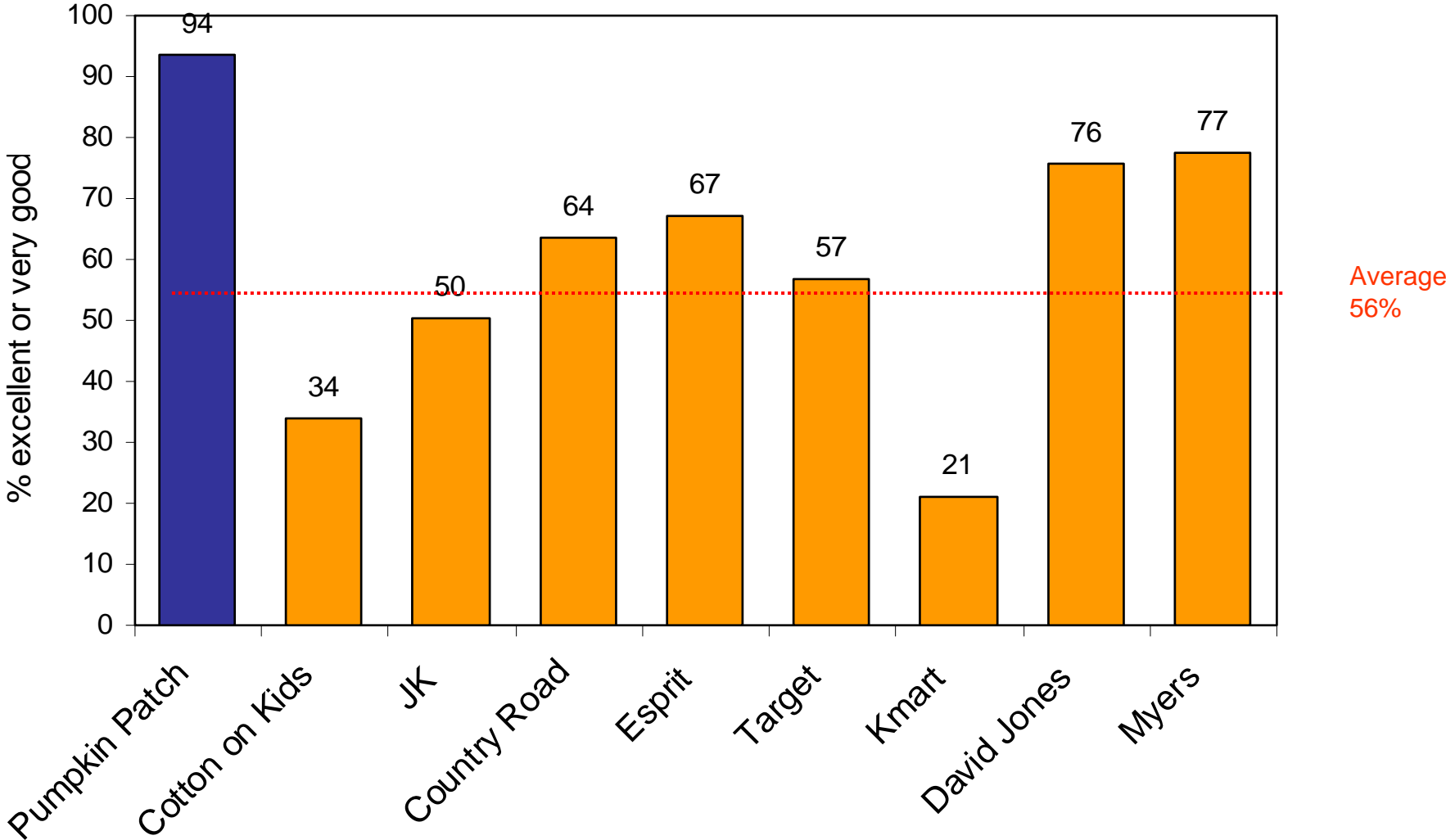
Australia Retail

- Hold a dominant position in specialty childrenswear
 - No change to competitive landscape expected
- Majority of volume is through value players/ department stores
- Very strong brand awareness in the market
- Store numbers:
 - Current: 106 (Pumpkin Patch 95, Outlet 10, Urban Angel 1)
 - Expected at year end: 107
 - Continued long term store growth opportunities – mix of metropolitan, regional, and outlet stores
 - Long term possible store numbers: 140-150



Australia - competitor satisfaction

Recognised as best overall customer offer – hold a market leading position



Australia Retail – cont

- Current trading environment
 - Solid trading conditions experienced in 1H08 have carried over into 2H08
 - Economic news indicates a slowdown is coming
 - Currently seeing only minor softening
 - Strength of Pumpkin Patch brand will lessen impact of any slow down that does occur
- EBIT/ Margins
 - Increased promotional activity seen across the market in 2H08 however segment EBIT margin is not expected to be materially impacted
 - No major cost increases above normal inflationary movements
 - Benefit of lower NZD/ AUD exchange rate will not be seen until FY09



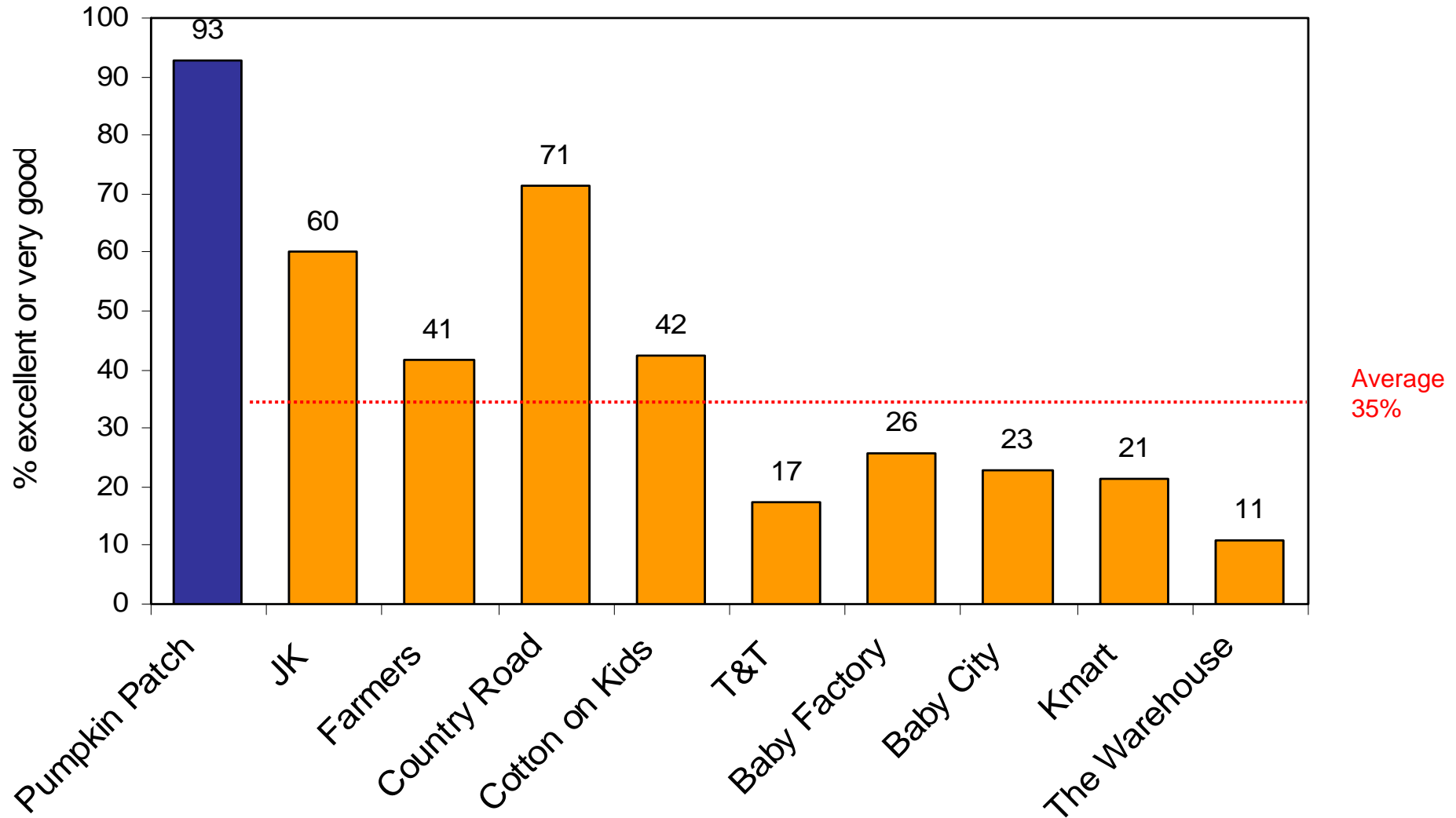
New Zealand Retail

- Leader in specialty childrenswear
 - No change in competitive landscape expected
- Majority of volume is through value players/ department stores
- Strong brand awareness
- Store numbers:
 - Current: 52 (Pumpkin Patch 34, Outlet 9, Urban Angel 9)
 - Expected at year end: 53
 - Expected growth: 1-2 stores per year for next 4-5 years, mix of regional and outlet stores



New Zealand - competitor satisfaction

Pumpkin Patch is the clear market leader



New Zealand Retail - cont

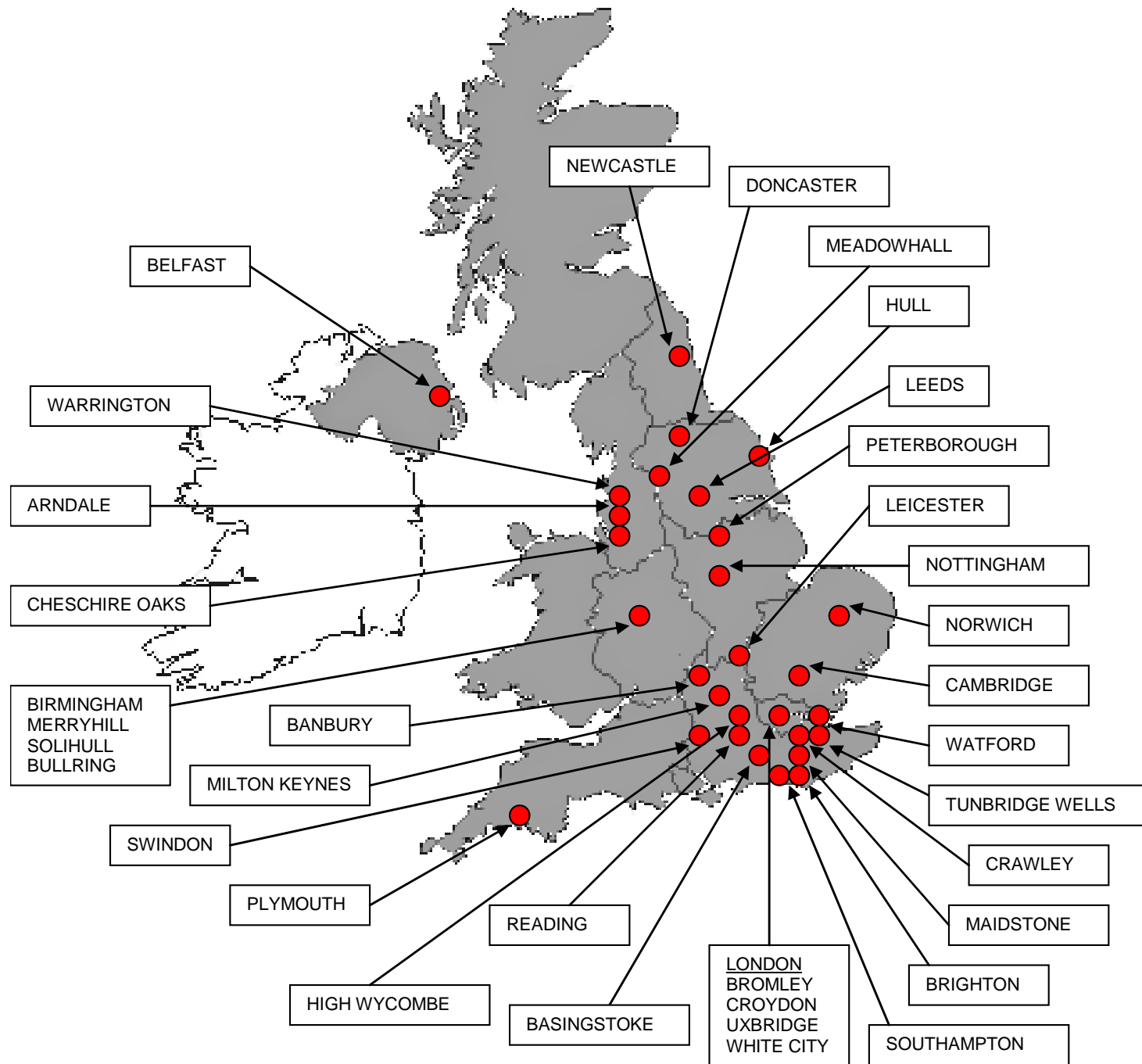
- Current trading environment
 - Good trading conditions seen in 1H08 carried over into the early part of 2H08
 - Economic news indicates a slowdown is coming
 - Currently seeing only minor softening
 - Strength of Pumpkin Patch brand with customers will lessen impact of any slow down that does occur
- EBIT/ Margins
 - Increased promotional activity seen across the market in 2H08 however segment margins are not expected to be materially impacted
 - No major cost increases above normal inflationary movements



United Kingdom Retail

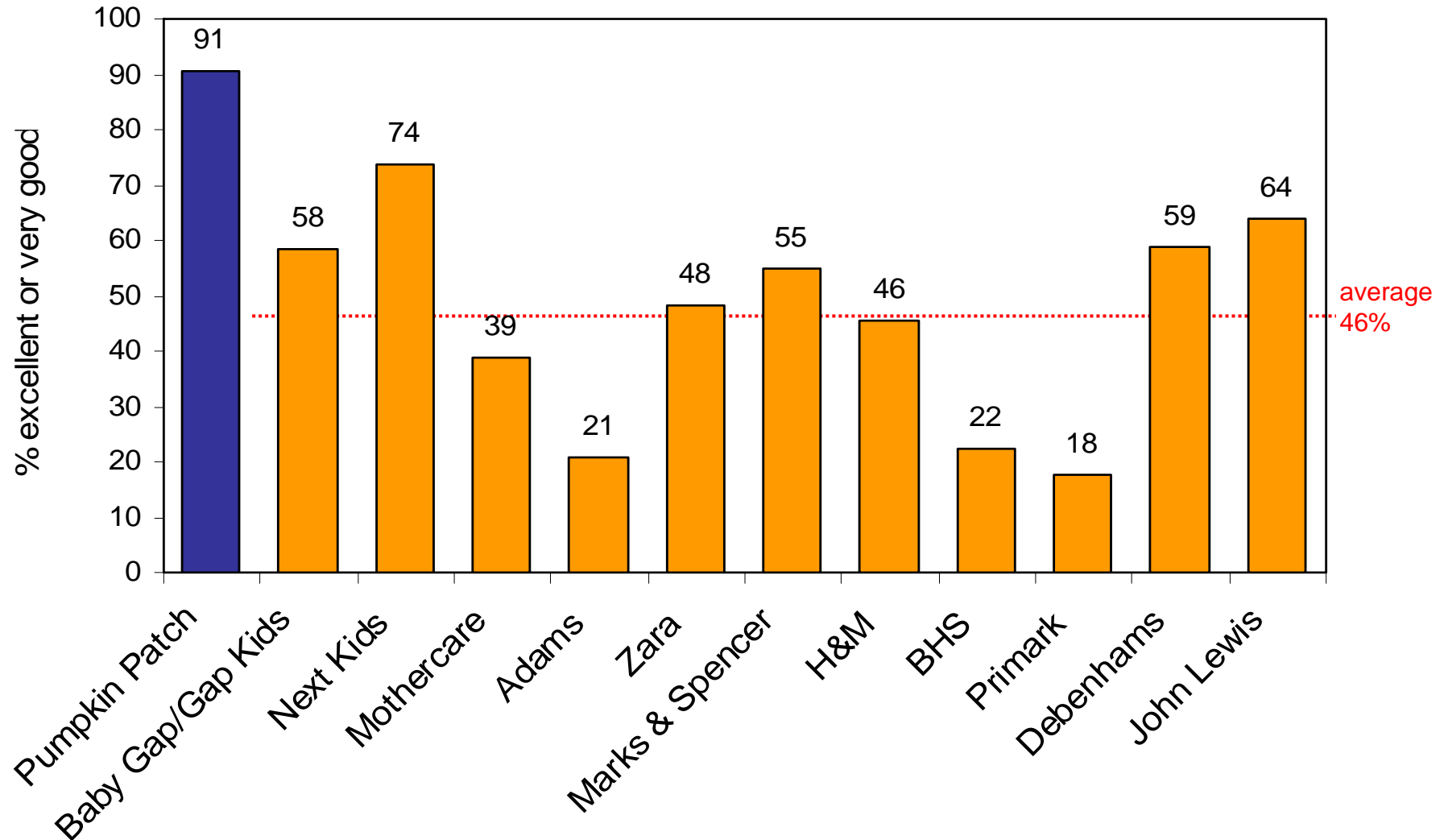
- A very competitive market with a small number of large specialty players (e.g. Next, Gap)
 - More traditional customer
 - Takes longer for new brands to be accepted
- Brand recognition/ traction starting to develop
 - Overall customer satisfaction very high when compared to main competitors
- Store numbers:
 - Current: 36 (Pumpkin Patch 34, Outlet 2)
 - Expected at year end: 36
 - Sites harder to obtain due to fragmented leasing market
 - More cautious roll out program currently being followed while retail market remains soft
 - Focusing on leases with major landlord contributions to reduce capital expenditure requirements





United Kingdom - competitor satisfaction

Doing very well in a competitive market place



United Kingdom Retail

- Current trading environment
 - Retail conditions have softened since 1H08
 - Economic indicators point to a difficult retail environment
 - No material improvement expected for at least 12 months
- EBIT/ Margins
 - Higher levels of promotional activity from all competitors:
 - Has impacted margins in 2H08
 - Store costs (wages, rents) remain relatively stable
 - Quota savings are being offset by costs of promotional activity



United States Retail

- A competitive market with a number of large established specialty players (e.g. Gymboree, Gap, The Childrens Place)
 - However customers are willing to try new brands if overall offer meets their requirements
- Very high customer satisfaction with the overall offer
 - Overall customer satisfaction very high when compared to main competitors. Very pleasing considering short period of time in the market
- Store numbers:
 - Current: 33
 - Expected at year end: 34
 - Average age of stores: 14 months
 - More cautious roll out program being followed while market remains soft
 - Focusing on leases with major landlord contributions to reduce capital expenditure requirements



Portland, OR
• Clackamas

Seattle, WA
• Alderwood
• Tacoma

Denver, CO
• Flat Iron Crossing
• Cherry Creek

San Francisco, CA
• Valley Fair
• Stonestown
• Stoneridge

Los Angeles, CA
• Glendale
• Galleria Tyler
• Main Place
• Santa Anita
• Topanga
• Westside Pavilion
• Valencia
• Los Cerritos
• Sherman Oaks
• South Bay

San Diego, CA
• Plaza Bonita
• North County

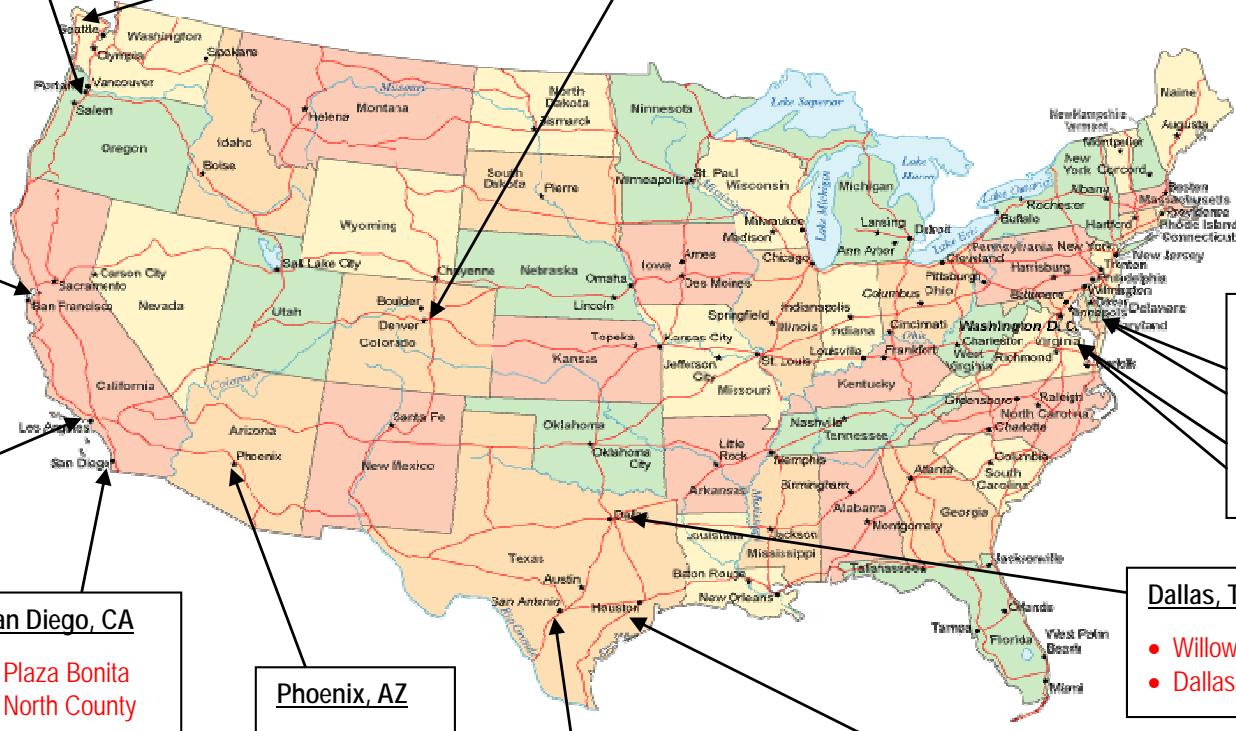
Phoenix, AZ
• Chandler
• Paradise Valley
• Arrowhead
• San Tan

San Antonio, TX
• North Star

Houston, TX
• Willowbrook
• Houston Galleria

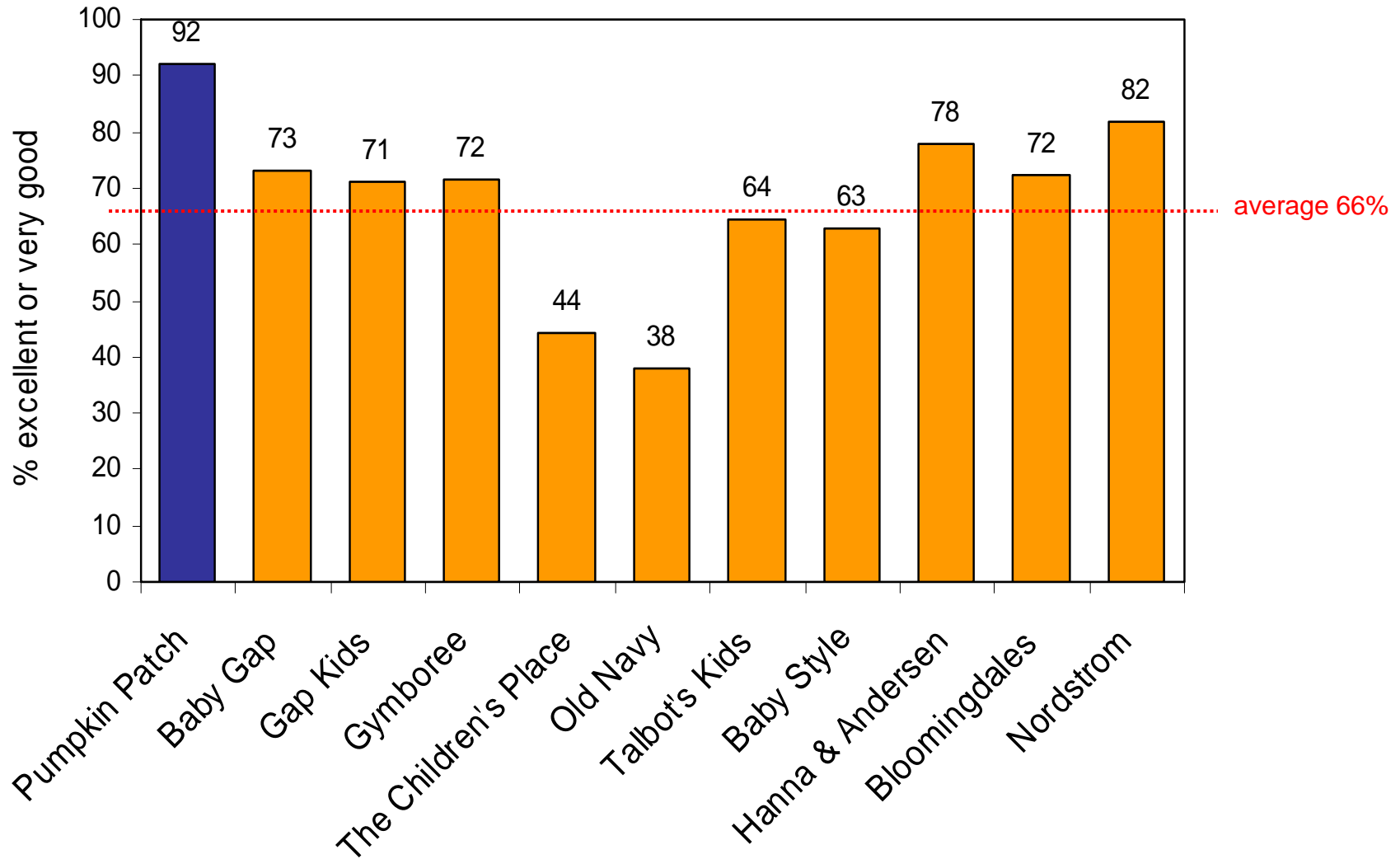
Dallas, TX
• Willow Bend
• Dallas Galleria

Washington DC
• Annapolis (Maryland)
• Columbia (Maryland)
• Dulles (Virginia)
• Tyson's (Virginia)



United States - competitor satisfaction

Early recognition as being a very competitive offer



United States Retail - cont

- Current trading environment
 - Stores facing very tough trading conditions
 - Economy very difficult and likely to remain so in FY09
 - Consumers revert back to their trusted brands in uncertain times:
 - Hard for new entrants with little brand traction
 - Older PP stores fairing better than newer PP stores
- EBIT
 - Heavy promotional activity across the market impacting margins
 - However this is increasing store foot traffic and exposure to new customers which will produce benefits when trading conditions improve
 - New store opening costs weigh heavily on EBIT



Wholesale

- Benefits of Wholesale
 - Allows faster global expansion:
 - Currently 370 doors across 17 markets
 - Suits markets with barriers to entry
 - Legal, ownership, language, cultural etc
 - Enhances brand in markets with existing PP retail stores
 - e.g. David Jones in Australia, Nordstrom in United States, House of Fraser in United Kingdom
 - Introduces brand to markets with no PP presence
 - e.g. Jawad in the Middle East
 - Lower risk testing of the brand before PP retail entry
 - e.g. US wholesale relationships
- Two main formats
 - Stand alone stores (franchise type model)
 - Key premium level department stores



Wholesale - cont

- Current trading environment
 - Little growth from the established accounts in the United States, United Kingdom, and Australia
 - Due to state of retail markets and maturity of relationships
 - Continued growth from the Middle East
 - 45 stores now open
 - Sales in newer market (e.g. Asia) continue to grow
- EBIT
 - High currency rates impacting sales and EBIT
- New markets
 - Russia – 1st store opened in May 08
 - Research continues into other new markets in Europe and Asia



Direct – internet and mail order

- Major part of overall marketing strategy
 - Communications with Retail and Direct customers
- Significant database of customers
 - Approx customers on the database: AU 1,700,000, UK 780,000, NZ 680,000, US 220,000
- Amongst the most visited websites in Australasia
- Reaches customers with no store access
 - e.g. sells to customers across all 50 states in the US
- Very profitable business unit
 - Low cost alternative to retail stores - leverages off existing systems/ processes (e.g. supply chain)
 - Little incremental investment required to support growth



Balance Sheet

Inventory

- Inventory levels are currently higher than ideal
 - To protect against a repeat of supply chain disruptions in United Kingdom and United States
 - Accentuated by softening United States and United Kingdom retail markets
 - Will continue to be higher than normal at July 08
- Will reduce via normal inventory management techniques over next 18 months:
 - Majority of 'excess' stock is high selling items that will be blended in to coming seasons, reducing required stock buys
 - Not expecting a material margin impact
- Other supply chain initiatives underway
 - Average per store stock holdings will reduce over time



Balance Sheet - cont

Bank Debt

- Increase in borrowings across FY08
 - Driven by additional inventory holdings and capital expenditure in new markets in particular the United States
 - Forecasted to be \$85m - \$95m at July 08
- Borrowings will decrease significantly in FY09
 - Strong operating cash flows from Australia, New Zealand, Wholesale and Direct to continue
 - Cash generated by the reduction in inventory
 - Lower capital expenditure due to more cautious roll out program in the United States and the United Kingdom
 - Borrowings forecasted to be \$60m - \$70m at July 09



FY09 – key themes

- Continued growth from established markets
 - Australia and New Zealand to grow albeit at lower rates due to forecasted softness
 - Brand strength will lessen impact of any downturn
 - Growth from developing Wholesale markets
- United States and United Kingdom to remain tough
 - Poor retail environment to continue in FY09
 - Focus on increasing brand awareness, efficiencies at store level, and improving logistics processes
- More cautious store roll out in new markets
 - Maintain normal disciplined approach to site selection
 - Focus on achieving higher landlord contributions before sites are confirmed
 - Take advantage of new store opportunities in Australia
- Reduce bank borrowing
 - Lower inventory and lower capital expenditure to improve net cash flows vs. FY08
 - Create funding capacity for next expansion phase

