



NOTICE OF
MEETING08



Pumpkin Patch Limited

Notice Of Annual Meeting Of Shareholders

NOTICE IS HEREBY GIVEN THAT the Annual Meeting of Shareholders of Pumpkin Patch Limited (“**Company**”) for the year ended 31 July 2008 will be held in the Great Northern Room at the Ellerslie Convention Centre, Auckland, New Zealand on Tuesday, 18 November 2008, commencing at 1.00pm.

ITEMS OF BUSINESS

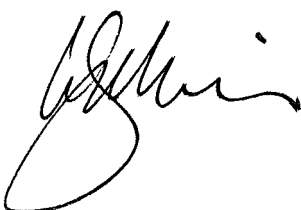
- A.** The Chairman’s introduction
- B.** Addresses to shareholders
- C.** Shareholder discussion
- D.** Receive and consider the financial statements for the year ended 31 July 2008 together with the directors’ and auditors’ reports
- E.** Resolutions
- To consider and, if thought fit, to pass the following ordinary resolutions.
1. That PricewaterhouseCoopers be re-appointed as auditors of the Company and that the directors are authorised to fix the auditors’ remuneration.
 2. That Chrissy Conyngham be re-elected as a director of the Company. See explanatory notes.
 3. That Sally Synnott be re-elected as a director of the Company. See explanatory notes.
 4. To approve the Pumpkin Patch Partly Paid Employee Share Scheme 2009 (**2009 Scheme**) and the issue of redeemable ordinary partly paid shares (**Shares**) in accordance with the 2009 Scheme to certain senior employees of the Company and to the following directors:
 - (a) to Maurice Prendergast, Chief Executive Officer, 250,000 Shares
 - (b) to Chrissy Conyngham, Group General Manager/Design Director, 250,000 SharesSee explanatory notes.
 5. To approve the redemption for NZ\$0.01, as may be required from time to time in accordance with the terms of the 2009 Scheme, of up to 1,300,000 Shares to be issued to certain senior employees and to directors under the 2009 Scheme. See explanatory notes.
- F.** General Business
- Consider any other business that may properly be submitted to an annual meeting.

VOTING EXCLUSION STATEMENT

The Company will disregard any votes cast on Resolution 4 (relating to the Pumpkin Patch Partly Paid Employee Share Scheme 2009) by a director of the Company who is intended or likely to benefit from the issue referred to in the resolution or any person who is an associate or an associated person of such a person.

However, the Company will not disregard a vote if the person is acting as a proxy for a person who is entitled to vote, in accordance with the directions on the proxy form.

By Order of the Board of Directors



Greg Muir
Chairman
14 October 2008

VOTING BY PROXY

Any shareholder who is entitled to attend and vote at the Annual Meeting may appoint a proxy to attend and vote instead of him or her. A proxy need not be a shareholder of the Company.

To appoint a proxy you should complete and sign the enclosed Proxy Form and return it by mail to the Company’s Share Registrar, Link Market Services Limited, 138 Tancred Street, PO Box 384, Ashburton, New Zealand, or by facsimile to +64 3 308 1311.

The completed Proxy Form must be received by Link Market Services Limited no later than 1.00pm on Saturday, 15 November 2008.

All shareholders now have the opportunity to lodge their Proxy Vote online. Please view the Link Market Services website www.linkmarketservices.com and click on the Pumpkin Patch Voting banner on the screen. Online proxy voting must be completed by 1.00pm on Saturday, 15 November 2008.

EXPLANATORY NOTES

Resolutions 2 and 3: Re-Election of Directors

Rotation of Directors

Under Listing Rule 3.3.8, two directors must retire at the annual meeting each year, but shall be eligible for re-election at that meeting. Chrissy Conyngham, an executive director, and Sally Synnott, a non-executive director, are required to retire under Listing Rule 3.3.8 as the two directors longest in office but, being eligible to do so, are both seeking to be re-elected. A short biography of each of these two directors seeking re-election is set out in the annual report.

Nominations being called for directors in the period 22 August 2008 to 24 September 2008, and no other nominations having been received, the board unanimously recommends that shareholders vote in favour of the re-election of Chrissy Conyngham as a director of the Company and the re-election of Sally Synnott as a director of the Company. Neither Chrissy Conyngham nor Sally Synnott are being nominated as Independent Directors.

Resolution 4: Partly Paid Employee Share Scheme 2009 and Resolution 5: Redemption of shares under Partly Paid Employee Share Scheme 2009

The purpose of the 2009 Scheme is to recognise the contribution that certain senior employees and directors have made to the Company, and to seek to retain their services by enabling certain senior employees selected by the board of directors of the Company (**Board**) to participate in the success of the Company. The 2009 Scheme will operate over a maximum period of 6 years, with the Shares being able to be fully paid and converted to ordinary shares in the Company between 3 and 5 years after their issue.

The Shares will be partly paid up to NZ\$0.01 and along with the rights to convert, the Shares will be redeemable for NZ\$0.01 each. This means that at any time before the expiry of 6 years the partially paid amount may be refunded to the selected employee – which will happen at the employee’s request until the sixth anniversary of the issue date, and automatically on the sixth anniversary of the issue date if the Shares have not been fully paid and converted to ordinary shares or redeemed at the employee’s request prior to that sixth anniversary. Following redemption, the employee will no longer have any of the rights or obligations attaching to the Shares, nor as a participant under the 2009 Scheme.

The NZSX Listing Rules (**Listing Rules**) require that certain aspects of the 2009 Scheme be approved by shareholders for the following reasons.

Issuing to Directors and Associated Persons

Listing Rule 7.3.6 states that directors and associated persons of directors shall not participate in employee share issues unless the scheme for such participation and the precise levels of entitlement for each such person have been previously approved by an ordinary resolution of the shareholders of the Company. Accordingly the Company is seeking shareholder approval to issue Shares paid up to NZ\$0.01 under the 2009 Scheme to be held on trust in the following amounts for the following persons pursuant to the terms of the Scheme (set out below):

- (a) to Maurice Prendergast, Chief Executive Officer, 250,000 Shares and
- (c) to Chrissy Conyngham, Group General Manager/Design Director, 250,000 Shares.

Redeemable Shares

Listing Rule 7.6.6 states that equity securities may only be redeemed under an employee share scheme if the precise terms and conditions of redemption have been approved by an ordinary resolution of shareholders of the Company. The key terms of the 2009 Scheme, including the terms of redemption are set out below.

Listing Rule 7.6.6A(a) requires that any approved redemption of shares from employees must occur within 36 months after the resolution approving the redemption has been passed. In view of the limited amount payable on redemption

of the Shares, the reasons for having a longer term to appropriately incentivise the employees concerned, and the administrative need to ensure that partly paid shares do not remain on issue after an employee's rights to participate in the 2009 Scheme have lapsed, NZX has granted a waiver of the time limit that applies under Listing Rule 7.6.6A, provided that the redemption occurs no later than the sixth anniversary of the issue date of the partly paid shares.

2009 Pumpkin Patch Partly Paid Employee Share Scheme – Key Terms

The key terms of the 2009 Scheme are as follows:

1. Offers to Participate in 2009 Scheme

The Company is intending to offer the Shares to selected executive employees on or around 6 June 2009. The number of Shares offered to each selected executive is determined by the board of the Company (**Board**). The total number of Shares to be issued under the 2009 Scheme will not exceed 1,300,000 (currently representing approximately 0.78% of the Company's shares following the issue). In determining the executives who are offered participation and the level of participation the Board will apply a number of criteria including role with the Company, duties and responsibilities, level of remuneration and contribution to the Company's performance. This same criteria has been used by the Board to determine the number of Shares to be issued to Maurice Prendergast and Chrissy Conyngham.

2. Issue of Shares

When an executive accepts an offer to participate in the 2009 Scheme, the Company will issue the relevant number of redeemable ordinary shares (the **Shares**) to Pumpkin Patch Nominees Limited acting as a trustee (**Trustee**), on a partly paid basis to hold on behalf of and for the benefit of the executive. No more than 1,300,000 Shares will be issued under the 2009 Scheme.

3. Issue Price of Shares

The issue price of the Shares will be the volume weighted average selling price of the Company's ordinary shares traded on the NZSX during the 10 business day period prior to the date that the employee was invited to participate in the 2009 Scheme. The Trustee will pay on the issue date an initial payment of 1 cent per Share issued, in cash. The selected executive will then be required to provide the Trustee with the 1 cent per Share initial partial payment of the issue price in respect of all Shares allocated for that executive under the 2009 Scheme.

4. Payment of Balance of Issue Price of Shares

The balance of the issue price is payable by the executive, at the executive's option, only if he or she decides to request a transfer of the legal title to the Shares from the Trustee to him or her. The executive cannot request such a transfer:

- until the third anniversary of the issue date, and after the fifth anniversary of the issue date;
- unless the Market Price of the Company's ordinary shares (see below) at the date on which the executive gives notice requesting a transfer of the Shares is equal to or higher than the Benchmark Price (see below); and
- if he or she is no longer a full time employee (unless otherwise determined by the Board).

The Trustee will pay the funds provided by the executive to the Company to pay up the Shares. The redemption rights carried by the Shares will no longer apply once the legal title to the Shares has been transferred to the executive, and from that time the Shares will be fully paid ordinary shares.

5. Redemption of Shares

The Shares are redeemable for NZ\$0.01 at the election of the executive while the legal title to the Shares is still held by the Trustee – in other words the Shares are redeemable until the Shares are fully paid and the legal title is transferred to the executive. If the Shares have not been fully paid and the legal title transferred to any relevant executive by the sixth anniversary of the issue date, and are still then held by the Trustee, then on the sixth anniversary the Shares will automatically be redeemed for NZ\$0.01.

6. Rights of Shares

In addition to the redemption rights mentioned above, while the Shares remain partly paid, they will entitle the executives (as shareholders) to proportionate dividends and rights to share in the surplus assets of the Company on a liquidation less the amount of the issue price which is unpaid. The proportion of such rights to dividends and rights to share in the surplus assets of the Company on liquidation will be calculated relative to the amount paid up on the Shares. The Shares will carry voting rights but whilst Shares are partly paid they will carry a fraction of the vote which would be exercisable if the Shares were fully paid, such fraction being proportionate to the amount paid up on the Shares (as provided for in the Company's constitution). Whilst the legal title is held by the Trustee, the Trustee will exercise the power to vote

such Shares on any matter as directed by the Board. Upon the legal title to any Shares being transferred to an executive and the Shares fully paid up, the Shares will convert into and be of the same class as ordinary shares in the Company and rank in all respects equally with the ordinary shares already issued in the Company, other than in respect of any distribution or other benefit the record date for which occurred before the transfer date.

7. Adjustment to Rights

If after the issue of the Shares and before they are transferred from the Trustee to an executive:

- the Company makes or announces any bonus issue of shares or other securities, or makes or announces any rights issue or other offer to holders of shares to take up shares or other securities;
- any offer is made for the acquisition of shares of the Company, or any merger or amalgamation of the Company is effected or announced;
- any consolidation or sub-division of shares, share buy back, or other reconstruction of, or adjustment to, the shares or share structure of the Company of any nature occurs or is announced; or
- the Company pays any dividend or makes any other distribution which in the opinion of the Board is outside the normal dividend policy of the Company,

the Board may make, and cause or require the Company and/or the Trustee to make, such arrangements, or adjustments to the rights of executives under the 2009 Scheme, as in the opinion of the Board are necessary to ensure that so far as possible after the occurrence of the relevant event the executives, the Company, and shareholders of the Company are left in the same overall economic position as if that event had not occurred.

In addition, the Board can amend (and can require the Company and the Trustee to amend) the 2009 Scheme if it considers the interests of the executives participating in the 2009 Scheme are not materially prejudiced, or the amendment is necessary to comply with any law or the Listing Rules.

8. Listing of Shares

The Shares will not be listed. However, so long as the Company remains listed on the NZSX it is intended that any ordinary shares resulting from the transfer of the legal title to the Shares from the Trustee to the executive under the 2009 Scheme will be listed on the NZSX.

9. Market Price and Benchmark Price

Market Price at the transfer date means the volume weighted average selling price per share of all of the shares in the Company traded on the NZSX during the 10 business day period prior to the transfer date.

Benchmark Price means the price calculated (after taking any independent advice the Company considers desirable) by the following formula:

Issue Price x [(1 + Cost of Equity) – Assumed Annual Dividend for the year commencing on the Issue Date] x [(1 + Cost of Equity) – Assumed Annual Dividend for the year commencing on the first anniversary of the Issue Date] x [(1 + Cost of Equity) – Assumed Annual Dividend for the year commencing on the second anniversary of the Issue Date]

Where:

“**Assumed Annual Dividend**” for each of the three years commencing on the Issue Date, the first anniversary of the Issue Date and the second anniversary of the Issue Date, the assumed dividend which will be paid by the Company in each of those years (which will be determined by the Company in its discretion after taking such independent advice (if any) as it considers desirable, based on the expected dividend in those three years);

“**Cost of Equity**” means a factor, selected by the Company in its discretion after taking such independent advice (if any) as it considers desirable and calculated in accordance with the following formula:

$Re = Rf (1-T1) Be$ (PTMRP)

Where:

“**Rf**” = Risk free rate of return, based on the yield on New Zealand government stock;

“**T1**” = New Zealand investors' effective tax rate on interest and dividend income relative to capital gains;

“**Be**” = Equity beta, a measure of the volatility of returns from the Company compared to returns from the investment market;

“**PTMRP**” = Post tax market risk premium, or expected return, measured after New Zealand investor taxes, on the market portfolio of equity investments. Derived from independent research on New Zealand equity market returns.

This Benchmark Price mechanism is intended to ensure that executives are only rewarded where the Company's performance improves in the period from the date of issue of the Shares to the date on which the Shares can be redeemed (i.e. 3 to 5 years from issue date).

Ordinary Resolution

The resolutions proposed to be passed at the 2008 Annual Shareholders Meeting are all ordinary resolutions of the Company. An ordinary resolution is a resolution passed by a simple majority of votes of those shareholders entitled to vote and voting on the question.

the joy
of being a
kid

