

PUMPKIN PATCH LIMITED & SUBSIDIARIES  
**unaudited  
consolidated  
financial statements**

FOR THE HALF YEAR ENDED 31ST JANUARY 2011

## UNAUDITED CONSOLIDATED INCOME STATEMENTS

	Half year ended 31 January 2011 \$000	Half year ended 31 January 2010 \$000
Sales revenue	173,867	193,988
Cost of goods sold	(65,385)	(78,277)
Gross profit	108,482	115,711
Other operating income	142	22
Expenses		
Selling expenses	(86,644)	(82,415)
Finance expense	(1,832)	(1,273)
Administrative and general expenses	(8,385)	(11,091)
Profit before income tax	11,763	20,954
Income tax expense	(3,705)	(6,698)
Profit for the period	8,058	14,256
Earnings per share for profit attributable to shareholders:	<b>Cents</b>	Cents
Basic earnings per share	4.82	8.55
Diluted earnings per share	4.77	8.50

## UNAUDITED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Half year ended 31 January 2011	Half year ended 31 January 2010
	\$000	\$000
Profit for the period	8,058	14,256
Other comprehensive income		
Exchange differences on translation of foreign operations	(2,564)	(4,005)
Net fair value movement on cash flow hedges	(19,723)	(2,907)
Release of gains made on foreign currency portfolio restructure	(7,726)	(6,823)
Income tax relating to components of other comprehensive income	8,235	2,918
	(21,778)	(10,817)
<b>Total comprehensive income attributable to shareholders</b>	<b>(13,720)</b>	<b>3,439</b>

## UNAUDITED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Share capital \$000	Reserves \$000	Retained earnings \$000	Total equity \$000
<b>Balance as at 1 August 2009</b>	<b>57,978</b>	<b>17,149</b>	<b>13,551</b>	<b>88,678</b>
Profit for the period	-	-	14,256	14,256
Other comprehensive income	-	(10,817)	-	(10,817)
<b>Total comprehensive income</b>	<b>-</b>	<b>(10,817)</b>	<b>14,256</b>	<b>3,439</b>
Shares issued/(repurchased)	-	-	-	-
Movements in reserves	-	217	-	217
Movement in treasury stock	-	-	-	-
Dividends paid	-	-	(7,403)	(7,403)
<b>Balance as at 31 January 2010</b>	<b>57,978</b>	<b>6,549</b>	<b>20,404</b>	<b>84,931</b>
Profit for the period	-	-	11,246	11,246
Other comprehensive income	-	(8,307)	-	(8,307)
<b>Total comprehensive income</b>	<b>-</b>	<b>(8,307)</b>	<b>11,246</b>	<b>(2,939)</b>
Shares issued (repurchased)	-	-	-	-
Movements in reserves	-	214	-	214
Movement in treasury stock	420	-	-	420
Dividends paid	-	-	(7,637)	(7,637)
<b>Balance as at 31 July 2010</b>	<b>58,398</b>	<b>(1,544)</b>	<b>24,013</b>	<b>80,867</b>
Profit for the period	-	-	8,058	8,058
Other comprehensive income	-	(21,778)	-	(21,778)
<b>Total comprehensive income</b>	<b>-</b>	<b>(21,778)</b>	<b>8,058</b>	<b>(13,720)</b>
Shares issued/(repurchased)	1,516	-	-	1,516
Movements in reserves	-	52	-	52
Movement in treasury stock	(113)	-	-	(113)
Dividends paid	-	-	(8,373)	(8,373)
<b>Balance as at 31 January 2011</b>	<b>59,801</b>	<b>(23,270)</b>	<b>23,698</b>	<b>60,229</b>

As at 31 January 2011 there were 167,636,408 ordinary shares on issue (31 January 2010: 166,814,799). All ordinary shares are fully paid and rank equally with one vote attaching to each share



## UNAUDITED CONSOLIDATED BALANCE SHEETS

	As at 31 January 2011 \$000	As at 31 January 2010 \$000	As at 31 July 2010 \$000
<b>Equity</b>			
Share capital	59,801	57,978	58,398
Hedging reserve – cash flow hedges	(26,448)	(13,657)	(12,642)
Share based payments reserve	5,882	5,616	5,830
Foreign currency translation reserve	(3,652)	1,039	(1,088)
Foreign currency portfolio restructure reserve	948	13,551	6,356
Retained earnings	23,698	20,404	24,013
<b>Total equity</b>	<b>60,229</b>	<b>84,931</b>	<b>80,867</b>
<b>Assets</b>			
Cash and cash equivalents	3,910	2,412	6,945
Trade and other receivables	13,176	9,445	20,727
Derivative financial instruments	3,310	4,381	4,930
Inventories	92,266	75,523	71,355
Current tax receivable	1,133	1,081	1,381
<b>Total current assets</b>	<b>113,795</b>	<b>92,842</b>	<b>105,338</b>
Property, plant and equipment	57,690	51,539	53,096
Intangible assets	10,004	6,414	8,435
Trade and other receivables	1,309	4	4
Derivative financial instruments	-	1,362	2,555
Deferred tax assets	16,893	8,857	9,161
<b>Total non current assets</b>	<b>86,166</b>	<b>68,176</b>	<b>73,251</b>
<b>Total assets</b>	<b>199,961</b>	<b>161,018</b>	<b>178,589</b>
<b>Liabilities</b>			
Trade and other payables	21,004	30,606	31,653
Interest bearing liabilities	20,000	12,000	25,000
Derivative financial instruments	25,302	14,491	15,696
Deferred landlord contributions	2,345	2,137	2,058
<b>Total current liabilities</b>	<b>68,651</b>	<b>59,234</b>	<b>74,407</b>
Interest bearing liabilities	50,000	-	8,000
Derivative financial instruments	15,784	5,907	5,461
Deferred landlord contributions	5,297	10,946	9,854
<b>Total non current liabilities</b>	<b>71,081</b>	<b>16,853</b>	<b>23,315</b>
<b>Total liabilities</b>	<b>139,732</b>	<b>76,087</b>	<b>97,722</b>
<b>Net assets</b>	<b>60,229</b>	<b>84,931</b>	<b>80,867</b>



## UNAUDITED CONSOLIDATED STATEMENTS OF CASH FLOWS

	Half year ended 31 January 2011	Half year ended 31 January 2010
	\$000	\$000
<b>Cash flows from operating activities</b>		
Cash was provided from:		
Receipts from customers	181,515	204,079
Interest received	11	19
Other income	131	3
Cash was applied to:		
Payments to suppliers and employees	(192,039)	(173,143)
Interest paid	(1,832)	(1,273)
Income tax paid	(5,273)	(8,003)
Net sales tax paid	(2,095)	(1,557)
<b>Net cash flow from operating activities</b>	<b>(19,582)</b>	<b>20,125</b>
<b>Cash flows from investing activities</b>		
Cash was applied to:		
Purchase of property, plant and equipment	(8,854)	(2,140)
Purchase of intangibles	(3,226)	(1,734)
<b>Net cash flow from investing activities</b>	<b>(12,080)</b>	<b>(3,874)</b>
<b>Cash flows from financing activities</b>		
Cash was provided from:		
Proceeds from issue of share capital	-	-
(Repayment)/proceeds of borrowings	37,000	(19,000)
Cash was applied to:		
Dividends paid	(8,373)	(7,403)
<b>Net cash flow from financing activities</b>	<b>28,627</b>	<b>(26,403)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>(3,035)</b>	<b>(10,152)</b>
Cash and cash equivalents at the beginning of the period	6,945	12,564
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD</b>	<b>3,910</b>	<b>2,412</b>

## UNAUDITED CONSOLIDATED STATEMENT OF CASH FLOWS

	Half year ended 31 January 2011	Half year ended 31 January 2010
	\$000	\$000
<b>Reconciliation of profit after income tax to net cash inflow from operating activities</b>		
<b>Profit after tax for the period</b>	<b>8,058</b>	<b>14,256</b>
<b>Add/(deduct) non cash items:</b>		
Depreciation	3,991	4,794
Amortisation of intangibles	1,657	692
Amortisation of share option cost	52	217
Revaluation of derivative financial instruments	(11)	(235)
Fit-out contributions amortised	(1,167)	(569)
(Increase)/decrease in deferred tax	(7,733)	645
Non-cash tax expense	5,916	957
Foreign exchange restructure amortisation	(5,408)	(4,777)
<b>Add/(deduct) movements in working capital items:</b>		
(Increase)/decrease in receivables and prepayments	7,897	9,033
(Increase)/decrease in inventories	(23,474)	682
Increase/(decrease) in payables & provisions	(9,360)	(5,570)
<b>Net cash flows from operating activities</b>	<b>(19,582)</b>	<b>20,125</b>



PUMPKIN PATCH LIMITED & SUBSIDIARIES

notes to &  
forming part  
of the financial  
statements

FOR THE HALF YEAR ENDED 31<sup>ST</sup> JANUARY 2011

## 1. GENERAL INFORMATION

Pumpkin Patch Limited (the "Company" or "Parent") together with its subsidiaries (the "Group") is a leading designer, marketer, retailer and wholesaler of children's clothing.

The Company is a limited liability company, incorporated and domiciled in New Zealand.

The Company is registered under the Companies Act 1993, and is an issuer in terms of the Securities Act 1978 and the Financial Reporting Act 1993.

The Group is designated as a profit oriented entity for financial reporting purposes

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

These condensed consolidated interim financial statements for the six months ending 31 January 2011 have been prepared in accordance with NZ IAS34, Interim Financial Reporting.

The condensed consolidated interim financial statements should be read in conjunction with the annual financial statements for the year ended 31 July 2010, which have been prepared in accordance with International Financial Reporting Standards (IFRS).

The reporting currency used in the preparation of these consolidated financial statements is New Zealand dollars, rounded where necessary to the nearest thousand dollars.

### Changes in accounting policies

Except as described below, the accounting policies applied are consistent with those of the annual financial statements for the year ended 31 July 2010, as described in those annual financial statements.

Taxes on income in the interim periods are accrued using the tax rate that would be applicable to expected total annual earnings.

To ensure consistency with the current period, comparative figures have been reclassified where appropriate.

## 3. SEGMENT INFORMATION

The Group has five reportable segments that are defined by geographical area and the nature of the distribution channel to external customers.

The following is an analysis of the Group's revenue and results by operating segment.

Revenue reported below represents revenue generated from external customers. There were no inter segment sales in the period (2010 HY: nil).

Segment profit represents the profit earned by each segment without allocation of central administration costs, finance costs and income tax expense.

	Half year ended 31 January 2011	Half year ended 31 January 2010	Year ended 31 July 2010
	\$000	\$000	\$000
<b>Segment assets held</b>			
Australia retail	71,561	59,275	57,986
New Zealand retail	24,041	17,354	19,567
United Kingdom & Ireland retail	27,179	29,223	26,199
United States retail	4,864	4,141	6,030
Wholesale and direct	27,108	15,838	21,449
Head office	45,208	35,187	47,358
<b>Consolidated</b>	<b>199,961</b>	<b>161,018</b>	<b>178,589</b>
<b>Sales revenue</b>			
Australia retail	86,372	100,188	198,276
New Zealand retail	27,031	30,849	58,908
United Kingdom & Ireland retail	27,188	28,404	52,455
United States retail	10,820	10,554	19,138
Wholesale and direct	22,456	23,993	53,217
Head office	-	-	204
<b>Consolidated</b>	<b>173,867</b>	<b>193,988</b>	<b>382,198</b>
<b>Profit/(loss) before income tax</b>			
Australia retail	14,871	19,873	38,705
New Zealand retail	4,696	6,166	11,310
United Kingdom & Ireland retail	53	(215)	(885)
United States retail	(505)	(755)	(2,685)
Wholesale and direct	5,306	6,794	13,708
Head office	(12,658)	(10,909)	(22,393)
<b>Consolidated</b>	<b>11,763</b>	<b>20,954</b>	<b>37,760</b>

## 4. EXPENSES

	Half year ended 31 January 2011	Half year ended 31 January 2010
	\$000	\$000
<b>Profit before income tax includes the following:</b>		
Interest income	11	19
Interest expense	1,832	1,273
Depreciation	3,991	4,794
Amortisation of intangible assets	1,657	692
Employee benefit expenses	41,222	38,268
Rental and operating lease expenses	32,601	30,617
Bad debts written off	-	23

## 5. INTEREST BEARING LIABILITIES

### Bank facility

The bank loans are provided under the terms of an ANZ National Bank Limited Amended & Restated Multi-option Multicurrency Facility Agreement dated 21 December 2010. The total bank facility of \$100 million (2010 HY: \$75 million) outlined in this agreement is split into three different tranches. The first tranche, up to \$25 million, will expire in December 2011, while the second tranche, a further \$25 million, will expire in December 2012 and the third tranche, a further \$50 million, will expire in December 2013.

These borrowings have been aged in accordance with the repayment terms of the facilities.

As at 31 January 2011, the Group had \$25 million of unused lines of credit (2010 HY: \$63 million).

### Fair value

The fair value of interest bearing liabilities approximates their carrying value.

## 6. PROPERTY, PLANT AND EQUIPMENT

### Acquisitions and disposals

During the half year ended 31 January 2011, the Group acquired assets with a total cost of \$8.9 million (2010 HY: \$3.9 million).

No assets were disposed of during the half year ended 31 January 2011 (2010 HY: \$nil).

## 7. RELATED PARTY TRANSACTIONS

During the period the Company advanced and repaid loans to its subsidiaries by way of internal current accounts. In presenting the condensed financial statements of the Group, the effect of transactions and balances between fellow subsidiaries and those with the Parent have been eliminated. All transactions with related parties were in the normal course of business, provided on commercial terms and are repayable on demand.

### Long term incentive scheme transactions

On 23 November 2010 Pumpkin Patch Limited issued 701,609 new shares to fulfill the requirements of the 2010 Long Term Incentive (LTI) Share Scheme for senior members of staff. The shares will be held in Trust on behalf of the scheme participants by Pumpkin Patch Nominees Limited in line with the rules of the scheme contained within the Trust Deed dated 7 October 2010.

On issuing the shares, the Company also provided financial assistance in the form of an advance of \$1,304,993 to Pumpkin Patch ShareTrust Management Limited (PPSML) which used the advance to purchase the issued shares on behalf of the scheme participants. The financial assistance provided has been previously disclosed to shareholders in line with sections 78(5) and 79 of the Companies Act 1993 and the granting of financial assistance to the Executive Directors was approved by an ordinary resolution of shareholders at the 2009 Annual Shareholders Meeting.

As at 31 January 2011, the \$1,304,993 non-current debtor due from scheme participants includes \$148,800 due from Maurice Prendergast (a Director in Pumpkin Patch Limited) and \$148,800 due from Chrissy Conyngham (a Director in Pumpkin Patch Limited). The participant loans will be repaid by means of a bonus to be paid to participants three years from the date of the original issue.

### Other transactions

In addition the Group undertook transactions with Directors and their related interests as detailed below:

- The Group paid rent of \$32,700 (2010 HY: \$32,400) to The Dickens Street Partnership which up until January 2011 was 66% owned by the Opito Family Trust, a shareholder in Pumpkin Patch Limited. In January 2011 the Opito Family Trust sold its entire interest in The Dickens Street Partnership. The Opito Trust is associated with Sally Synott, a Director in Pumpkin Patch Limited.
- The Group has made purchases of shop fixtures and fittings from Espies NZ Limited during the period of \$3,983,842 (2010 HY: \$507,580). Espies NZ Limited is 59.6% (2010 HY: 49.5%) beneficially owned by Kezza Family Trust, a shareholder of Pumpkin Patch Limited. Kezza Family Trust is associated with Maurice Prendergast, a Director in Pumpkin Patch Limited.

### Director fees & dividends

The following Directors received directors' fees and dividends in relation to their personally held shares as detailed below:

	Half year ended 31 January 2011		Half year ended 31 January 2010	
	Directors' fees \$000	Dividends \$000	Directors' fees \$000	Dividends \$000
<b>Executive Directors</b>	-	582	-	541
<b>Non Executive Directors</b>	231	551	187	505

## 8. COMMITMENTS

### a. Capital expenditure commitments

The Group has commitments for future capital expenditure not provided for in the condensed consolidated financial information as at 31 January 2011 of \$1.4 million (2010 HY: \$3.4 million).

### b. Operating lease commitments

Obligations payable after balance date on non-cancellable operating leases as follows:

	Half Year Ended 31 January 2011 \$000	Half Year Ended 31 January 2010 \$000
Total non-cancellable operating leases for the Group	212,946	200,850

## 9. CONTINGENCIES

As at 31 January 2011 the parent entity and Group had no contingent liabilities or assets. (2010 HY: \$nil)

## 10. EVENTS OCCURRING AFTER THE BALANCE SHEET DATE

Subsequent to the balance sheet date, the Directors declared an interim dividend of 3 cents per share (2010 HY: 4.5 cents per share) or \$5.0 million (2010 HY: \$7.5 million).

# directory

### Directors

Jane Freeman – Chairperson & Independent Director  
Maurice Prendergast – Chief Executive Officer  
Chrissy Conyngham – Group GM/Design Director  
Brent Impey – Independent Director  
David Jackson – Independent Director  
Sally Synnott

### Senior Management

Chris Cardwell - GM Property  
Neil Cowie – Chief Operating Officer  
Dominique DeGive – GM Wholesale  
Brian DeGregory – GM Human Resources  
Glenys Hoffmann – GM Supply Chain  
Bronny Jacobsen – GM Merchandise  
Kate Tattersfield – GM Marketing  
Zarina Thesing – GM Information Technology  
Bruce Walkley – GM Direct  
Matthew Washington – Chief Financial Officer

### Registered Office

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### Auditors

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playing  
their part

[pumpkinpatchkids.com](http://pumpkinpatchkids.com)

