Pumpkin Patch Limited
Trading Update for Year Ending July 2007

Due to the market speculation regarding the impact the high New Zealand Dollar is having on export companies and the recent increase in the official cash rate Pumpkin Patch Limited considers is appropriate to provide an update on current trading conditions across its global markets.

The trading results to date from the Australasian markets have been very pleasing considering the much publicised lackluster nature of the apparel retail environment across Australia and New Zealand with sales growth continuing in both countries. This reflects the strength of the Pumpkin Patch brand in its home markets.

The store roll out program and consequent sales growth in the United States and United Kingdom and the acceptance of the Pumpkin Patch brand in those markets continue to run to plan. The Company expects to provide the market with details of an accelerated United States store roll out program when the 2007 full year result is released in September.

Despite this the Company has been facing a number of negative macro economic factors:

- The continued strength of the NZD against the AUD, USD, and the GBP which are all trading at significant variance to long run average rates. This is impacting the translation of the results of offshore business units
- Quota regimes in the United States and the United Kingdom continue to add costs to doing business in those markets. The regimes also create disruptions to normal shipping processes which at times has lead to lost sales opportunities.
- Increases in the official cash rate over the last 10 months.

Accordingly the Company advises that earnings before interest tax, depreciation and amortisation (EBITDA) for the full year is expected to be in the range of $58.0m and $62.0m, versus $55.4m last year. Excluding quota costs EBITDA is expected to be in the range of $62.0m and $67.0m, versus $58.8m last year.

As signaled earlier this year the increased international growth program has lead to higher capital expenditure being incurred this year which has resulted in:

- Increased levels of bank debt, which combined with the ongoing increases in the official cash rate is resulting in higher interest costs.
- Increased depreciation charges being incurred.

The effective tax rate of the Company for the current year is expected to be similar to last year but higher than the market consensus which is approximately 33%. The overall effective tax rate as a percentage of net earnings before tax will remain higher than the New Zealand corporate tax rate while the developing overseas markets generate losses.

Due to the above factors the Company is expecting net profit after tax for the year to be between $26.5m and $28.5m. However this advice is provided with recognition that the Company is only just entering the all important June/ July sales period which accounts for a significant portion of the current season’s retail and wholesale sales. The forecasts do not allow for any further strengthening of the New Zealand Dollar or upwards movements in interest rates.

In summary the Board considers the forecasted result highlights the strength of the Pumpkin Patch brand in its home markets and continues to develop confidence in the entry strategy into the United States. However it is also evident that near term earnings will continue to be impacted by a combination of factors including; a high New Zealand Dollar, a high official cash rate, and the quota regimes in the United States and the United Kingdom.

On behalf of the Board of Directors

Maurice Prendergast
Managing Director

Greg Muir
Executive Chairman

Pumpkin Patch Limited
8 June 2007

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