



performance highlights

- Group operating revenue \$139.0m; up 39% on the same period last year
- Group EBIT \$19.0m; up 99% on the same period last year
- Group net profit after tax \$12.5m; up 129% on the same period last year
- EBIT growth from all segments
- 11 stores opened across New Zealand, Australia and the United Kingdom
- United Kingdom generated positive EBIT of \$0.3m compared to EBIT loss of \$1.2m in the same period last year
- Interim dividend of 3.75 cents per share, fully imputed
- Earnings per share 7.53 cents; up 4.25 cents on the same period last year



directors' report

On behalf of the Board of Directors we are pleased to report the company's first half year result as follows:

Group turnover reached \$139.0m; 39% above the same period last year of \$99.7m. This was the result of the continued strong trading performances across all segments, especially the New Zealand, Australian, and United Kingdom retail markets, and growth in wholesale accounts.

These strong trading performances, combined with the continued focus on inventory and margin management, led to an increase in EBIT to \$19.0m; 99% above the same period 2004 of \$9.6m. Net profit after tax of \$12.5m was 129% above the same period last year of \$5.5m.

Australia retail

	unaudited 6 months ended		12 months ended	
	31 January 2005 \$000	31 January 2004 \$000		31 July 2004 \$000
Turnover AUD	70,435	55,650	26.6%	
Turnover NZD	80,210	62,783	27.8%	\$138,449
EBIT	11,756 14.7%	6,722 10.7%	74.9%	\$15,905 11.5%
Stores	68	60		64

Australian retail stores achieved AUD sales of \$70.4m; an increase of 27% on the same period last year. In NZD terms sales were \$80.2m; 28% above last year. The increase in sales was the result of the full year sales impact of stores opened in past periods and good inventory management at store level, allowing the stores to take advantage of the generally favourable overall retail trading conditions in Australia.

Australian Retail EBIT was \$11.8m; 75% above the same period last year. As a percentage of sales EBIT increased to 14.7% compared to 10.7% last year.

Australian stores now number 68. The Company plans to open an additional 6 stores before year end and continues to identify new store locations for coming years.

New Zealand retail

	unaudited 6 months ended		12 months ended	
	31 January 2005	31 January 2004		31 July 2004
	\$000	\$000		\$000
Turnover NZD	29,251	20,444	43.1%	\$45,763
EBIT	4,585	3,467	32.2%	\$6,420
	15.7%	17%		14%
Stores				
Pumpkin Patch	30	22		27
HBK	14	-		14
Total	44	22		41

New Zealand retail sales grew 43% on the same period in 2004 to \$29.3m. This resulted mainly from new store openings and the effect of the 14 HBKGirl stores purchased in May 2004. Adjusting out the HBKGirl stores, turnover from Pumpkin Patch stores was up 27% on 2004.

EBIT from New Zealand Retail grew 32% to \$4.6m. Despite the introduction of the HBKGirl stores, which operate at lower profitability levels than Pumpkin Patch stores, the EBIT percentage is up 1.7% to 15.7% when compared to the full year 2004. This reflects the improved profitability across the New Zealand Retail segment.

During the period the rebranding of HBKGirl stores to the Urban Angel Girls format continued. The positive store level EBIT generated by the new format stores reinforces the Company's belief that the Urban Angel Girls format offers future opportunities to increase earnings. The rebranding process is expected to be completed by year end, however the benefits of this will not be seen until the 2006 year.

New Zealand store numbers now total 44 (Pumpkin Patch 30, Urban Angel Girls 14). The Company does not expect to open any new stores before year end.

United Kingdom retail

	unaudited 6 months ended		12 months ended	
	31 January 2005	31 January 2004		31 July 2004
	\$000	\$000		\$000
Turnover GBP	5,064	3,368	50.4%	
Turnover NZD	13,554	10,055	34.8%	\$19,537
EBIT	339	(1,204)	128.1%	(\$1,343)
	2.5%	(12.0%)		(6.9%)
Stores	13	10		9

Turnover of £5.1m for the period was 50% above the same period in 2004. In NZD terms sales were \$13.6m, or 35% up on 2004. The improved trading results experienced late in the 2004 financial year have carried across into 2005 with the older more established stores all trading above levels seen in past periods. This has been particularly pleasing in light of the soft overall retail environment in the United Kingdom.

This improved trading performance has resulted in the segment generating its first positive EBIT for a six month period of \$0.3m. This is a substantial improvement on the EBIT loss of \$1.2m for the same period last year.

Four new stores have opened year to date taking total store numbers to 13. The full impact of these new stores will not be seen until the 2006 financial year. All start up costs of these newly opened stores have been fully expensed in this half year period.

The Company has confidence in the Pumpkin Patch brand's future in this market and as such it plans to open 2 new stores before year end and is actively identifying new store locations for the 2006 financial year.

Wholesale and Direct

	unaudited 6 months ended		12 months ended	
	31 January 2005 \$000	31 January 2004 \$000		31 July 2004 \$000
Turnover NZD	15,964	6,448	147.6%	\$16,002
EBIT	2,413	912	164.6%	\$2,088
	15.1%	14.1%		13.0%

The international wholesale relationships the Company has worked hard to establish over the last 3 to 4 years have begun to generate increased orders, in particular from the United States, the Middle East, and Ireland. Segment turnover totalled \$16.0m; 148% up on the same period in 2004.

EBIT for the period was \$2.4m or 165% above the same period last year. EBIT as a percentage of sales increased to 15.1% from 14.1% last year, reflecting the change in sales mix towards wholesale away from other direct turnover.

Although the Company continues to research future wholesale relationship opportunities these take many years to reach their full potential from both a revenue and earnings perspective. The main focus at present is to develop existing relationships.

Cash Flows and Balance Sheet

Total cash flows for the period were \$6.5m; \$6.0m higher than the same period last year. The cash flow benefit of improved profitability was offset by movements in working capital, mainly inventory and creditors. Capital expenditure spend was \$2.9m higher than last year due to the increased number of store openings. Financing cash outflows were \$9.7m lower in the current period as all term debt was repaid in the 2004 financial year. At 31 January 2005 the company had total bank funds of \$1.9m versus total debt at 31 July 2004 of \$4.6m.

Net assets at 31 January 2005 were \$76.1m versus \$63.5m at 31 July 2004. Inventory decreased \$5.8m due to improved trading levels and the timing of deliveries from suppliers. Property, plant and equipment increased due to increased store openings while increased wholesale sales activity led to an increase in trade receivables. All of these movements combined to leave total assets relatively unchanged at \$100.7m. Reductions in trade creditors, due to the timing of inventory deliveries from suppliers and the repayment of all borrowings led to a \$12.9m reduction in total liabilities.

Dividend

The Directors have approved the payment of the Company's first dividend since listing. A fully imputed interim dividend of 3.75 cents per share was paid on 6th April 2005, with a record date of 24th March 2005. The dividend will be fully franked for Australian shareholders. Non-resident shareholders will receive a supplementary dividend.

The above interim dividend is in line with the stated policy of distributing 50% of net profit after tax.

Summary

The Company is extremely happy with the result for the 6 month period and believes it confirms the strength of the Pumpkin Patch brand in its main retail markets and the potential the brand has in its developing international markets.



Maurice Prendergast
Managing Director



Greg Muir
Chairman

UNAUDITED INTERIM CONDENSED FINANCIAL STATEMENTS
STATEMENTS OF FINANCIAL PERFORMANCE FOR THE 6 MONTHS ENDED 31 JANUARY 2005

	Consolidated		
	6 months 31 January 2005 \$000	6 months 31 January 2004 \$000	12 months 31 July 2004 \$000
Operating Revenue	138,979	99,730	220,292
Operating Profit before Income Tax	18,610	8,229	11,321
Income Tax Expense	6,071	2,766	3,241
Net Profit attributable to the Shareholders of the Parent Company	12,539	5,463	8,080*

*Includes the cost of restructuring pre-listing employee share schemes of \$7,430,000 net of tax.

UNAUDITED INTERIM CONDENSED FINANCIAL STATEMENTS
STATEMENTS OF MOVEMENTS IN EQUITY FOR THE 6 MONTHS ENDED 31 JANUARY 2005

	Consolidated		
	6 months 31 January 2005 \$000	12 months 31 July 2004 \$000	6 months 31 January 2004 \$000
Equity at Beginning of Period	63,537	20,330	20,330
Net profit for period	12,539	8,080	5,463
Shares issued during period	–	107,995	–
Shares repurchased during the period	–	(61,284)	–
Dividends paid	–	(9,627)	(1,203)
Costs of share issue	–	(1,957)	–
Equity at End of Period	76,076	63,537	24,590

UNAUDITED INTERIM CONDENSED FINANCIAL STATEMENTS
**RECONCILIATION OF NET PROFIT AFTER TAXATION TO CASH FLOW FROM OPERATING
ACTIVITIES FOR THE 6 MONTHS ENDED 31 JANUARY 2005**

	Consolidated		
	6 months 31 January 2005 \$000	6 months 31 January 2004 \$000	12 months 31 July 2004 \$000
Net Profit After Tax	12,539	5,463	8,080
Add/(Less) Non-Cash Items:			
Depreciation expense	4,096	3,497	7,428
(Increase)/Decrease in deferred taxation	473	(299)	(3,190)
Provision for prelisting employee share scheme restructuring	–	–	8,983
Fit out contributions amortised	(663)	–	(1,333)
Amortisation expense	11	24	51
Add/(Less) Movements in Working Capital items:			
(Increase)/Decrease in receivables and prepayments	238	137	(137)
Increase/(Decrease) in creditors and provisions	(9,843)	1,263	12,635
(Increase)/Decrease in inventories	5,750	3,316	(17,561)
Net Cash Flow From Operating Activities	12,601	13,401	14,956

UNAUDITED INTERIM CONDENSED FINANCIAL STATEMENTS
STATEMENTS OF FINANCIAL POSITION AS AT 31 JANUARY 2005

	Consolidated		
	31 January 2005 \$000	31 July 2004 \$000	31 January 2004 \$000
Equity			
Share capital	55,660	55,660	10,907
Retained earnings	20,416	7,877	13,683
Total Equity	76,076	63,537	24,590
Equity Represented by:			
Current Assets			
Cash and bank balances	1,879		
Trade debtors	3,890	1,774	980
Advances to employee share scheme and employees	1,451	1,357	1,721
Other receivables and prepayments	3,913	2,189	2,992
Inventories	53,027	58,777	37,900
Total Current Assets	64,160	64,097	43,593
Current Liabilities			
Bank overdraft	–	4,656	3,955
Short term borrowings	–	–	11,000
Trade creditors	4,175	11,238	5,515
Income tax payable	420	2,276	836
Accruals and provisions	14,919	14,011	8,535
Current portion of term liabilities	–	–	763
Total Current Liabilities	19,514	32,181	30,604
Net Working Capital	44,646	31,916	12,989
Non-Current Assets			
Property plant and equipment	32,110	30,112	29,341
Intangible assets	210	210	202
Advances to employee share scheme and employees	2,901	2,995	–
Investments	4	4	4
Deferred taxation	1,306	3,635	745
Total Non-Current Assets	36,531	36,956	30,292
Non-Current Liabilities			
Term liabilities	–	–	13,875
Loan and advances from shareholders	–	–	2,500
Accruals and provisions	5,101	5,335	2,316
Total Non-Current Liabilities	5,101	5,335	18,691
Net Assets	76,076	63,537	24,590

UNAUDITED INTERIM CONDENSED FINANCIAL STATEMENTS
STATEMENTS OF CASHFLOWS
FOR THE 6 MONTHS ENDED 31 JANUARY 2005

	Consolidated		
	6 months 31 January 2005 \$000	6 months 31 January 2004 \$000	12 months 31 July 2004 \$000
Cash Flow from Operating Activities			
CASH WAS PROVIDED FROM:			
Receipts from customers	137,962	99,867	220,001
Interest received	4	7	153
CASH WAS APPLIED TO:			
Payment to suppliers and employees	(119,546)	(81,789)	(199,791)
Net GST paid	227	(2,655)	(13)
Income tax paid	(5,627)	(694)	(2,617)
Interest paid	(419)	(1,335)	(2,777)
Net Cash Flow from Operating Activities	12,601	13,401	14,956
Cash Flow From Investing Activities			
CASH WAS PROVIDED FROM:			
Proceeds from sale of property plant and equipment	–	94	104
CASH WAS APPLIED TO:			
Purchase of property plant and equipment	(6,083)	(3,243)	(7,990)
Purchase of patents and trade marks	(11)	(36)	(53)
Net Cash Used in Investing Activities	(6,094)	(3,185)	(7,939)
Cash Flow From Financing Activities			
CASH WAS PROVIDED FROM:			
Issue of shares prior to listing	–	–	1,000
Issue of shares upon float	–	–	101,284
Other financing cash flows	28	–	–
CASH WAS APPLIED TO:			
Repayment of term debt	–	(2,499)	(36,637)
Repayment of short term debt (net) *	–	(6,000)	–
Purchase of shares	–	–	(61,284)
Costs of share issue	–	–	(1,957)
Dividends paid	–	(1,203)	(9,627)
Net Cash Used in Financing Activities	28	(9,702)	(7,221)
Net Increase / (Decrease) In Cash Held	6,535	514	(204)
Add Opening Cash Brought Forward	(4,656)	(4,452)	(4,452)
Effect of Exchange Rate Changes on Cash	–	(17)	–
Ending Cash Carried Forward	1,879	(3,955)	(4,656)

* Proceeds from short term borrowings have been netted against payments of short term borrowings. These borrowings are covered by an arranged finance facility.

UNAUDITED INTERIM CONDENSED FINANCIAL STATEMENTS
SEGMENT INFORMATION
FOR THE 6 MONTHS ENDED 31 JANUARY 2005

1. Segment Information

	New Zealand Retail			Australia Retail		
	6 months	6 months	12 months	6 months	6 months	12 months
	31 Jan 2005	31 Jan 2004	31 July 2004	31 Jan 2005	31 Jan 2004	31 July 2004
	\$000	\$000	\$000	\$000	\$000	\$000
Assets						
Segment	18,058	13,602	19,836	51,631	41,017	54,578
Consolidated	18,058	13,602	19,836	51,631	41,017	54,578
Revenue						
Segment	29,251	20,444	45,763	80,210	62,783	138,449
Consolidated	29,251	20,444	45,763	80,210	62,783	138,449
Result						
Segment	4,585	3,467	6,420	11,756	6,722	15,905
Consolidated	4,585	3,467	6,420	11,756	6,722	15,905
		United Kingdom Retail			Other	
Assets						
Segment	15,681	11,269	11,825	7,547	3,522	4,628
Consolidated	15,681	11,269	11,825	7,547	3,522	4,628
Revenue						
Segment	13,554	10,055	19,537	15,964	6,448	16,002
Consolidated	13,554	10,055	19,537	15,964	6,448	16,002
Result						
Segment	339	(1,204)	(1,343)	2,413	912	2,088
Consolidated	339	(1,204)	(1,343)	2,413	912	2,088
		Total				
Assets						
Segment	92,917	69,410	90,867			
Unallocated and other	7,774	4,475	10,186			
Consolidated	100,691	73,885	101,053			
Revenue						
Segment	138,979	99,730	219,751			
Unallocated and other			541			
Consolidated	138,979	99,730	220,292			
Result						
Segment	19,096	9,897	23,070			
Interest expense	(414)	(1,335)	(2,624)			
Unallocated and other	(69)	(333)	(9,125)			
Consolidated	18,610	8,229	11,321			

"Other" represents wholesale, mail order and internet sales. The result is that of the Group before income tax. The Group operates in one industry being the retailing and wholesaling of children's clothing. Intersegment sales are on an arms length basis.

notes to the unaudited interim condensed financial statements

Financial Statements

The interim condensed financial statements of Pumpkin Patch Limited ("the Company") have been prepared in accordance with Financial Reporting Standard No. 24: Interim Financial Statements, issued by the Institute of Chartered Accountants of New Zealand. These financial statements should be read in conjunction with the financial statements and related notes included in the Company's Annual Report for the year ended 31 July 2004.

The interim condensed financial statements for the six months ended 31 January 2005 are unaudited. The financial information for the six month period ended 31 January 2004 and the year ended 31 July 2004 has been extracted from the audited financial statements of the Company for those periods.

Accounting Policies

The accounting policies used in the preparation of the financial statements for the six months ended 31 January 2005 and 31 January 2004 are consistent with those used in the preparation of the financial statements for the year ended 31 July 2004.

Subsequent Events

On 17 February 2005 the Directors approved an interim dividend of 3.75 cents per share on issue at 24 March 2005 for the six months ended 31 January 2005, carrying a full imputation credit. The dividend was paid on 6 April 2005.

Directors

Greg Muir – Chairman
Maurice Prendergast – Managing Director
Chrissy Conyngham
Jane Freeman
David Jackson
Sally Synnott

Senior Management

Lyn Bryant – GM Operations
Kay Gillard – GM Retail
Kate Tattersfield – GM Marketing
Zarina Thesing – GM Information Technology
Bruce Walkley – GM Direct Business
Matthew Washington – GM Finance

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