

## CHAIRPERSON'S LETTER

### DEAR SHAREHOLDERS

I would like to take this opportunity to publically thank Maurice Prendergast, our outgoing Chief Executive Officer, for the huge amount of effort and dedication he has given to Pumpkin Patch over the last 18 years. He has been the driving force behind the transformation of Pumpkin Patch from a small New Zealand mail order business to a truly international childrenswear business trading in many diverse markets around the world. Fortunately we have not lost his vast amount of experience and company knowledge as he is remaining a director and a major shareholder.

I would also like to congratulate Neil Cowie on his appointment to the role of CEO. Neil is a seasoned executive with considerable international experience who we know will build on the great foundations Maurice has established and leverage off those to deliver significant value to the business and its shareholders in coming years. I look forward to introducing Neil to you all at the upcoming Annual Shareholders' Meeting.

The 2011 year was perhaps one of the most challenging years the Company has ever encountered. Not only did we face difficult trading conditions in all our markets and a continuation of the higher New Zealand dollar, we also had to deal with a number of other challenges such as a series of natural disasters and civil unrest in key markets around the world.

Despite this we continued the development of our new brand Charlie & Me which now has 11 stores open across Australasia and a dedicated online trading website. The results coming from Charlie & Me are pleasing and give us encouragement about the brand's potential.

Our Wholesale operation, while currently impacted by the high New Zealand dollar, continued to expand in new and very diverse markets around the world. We are currently assessing a number of new markets that we hope to enter in the latter part of 2012 and into 2013.

One particular highlight for me was the very strong performance from our Direct business that operates online trading websites in Australia, New Zealand, the United Kingdom, the United States, and Ireland. Sales in 2011 were up significantly on the previous year



with strong growth seen across all markets. We are currently assessing a number of initiatives to leverage our existing online and supply chain capabilities. We hope to launch some of these in the coming year.

These new opportunities give us increased confidence in the long term international potential for both the Pumpkin Patch and Charlie & Me brands.

During the year we started taking a hard look at all parts of our business to ensure we address any underperforming business units and ensure the Company is appropriately structured to deal with current challenges and make sure we are in a position to take advantage of the international potential that our brands offer.

While the decision to close the United States retail stores has been made we continue to develop strategies for the United Kingdom stores which are currently facing very challenging trading conditions as Europe as a whole deals with some major economic issues. During the past year we also made some changes to our Head Office operations. As is often the case these changes unfortunately involved a number of our long serving employees around the world leaving the Pumpkin Patch team.

However no matter how hard the decisions I am confident that we have a team that is prepared to make those decisions and implement whatever changes are required to ensure Pumpkin Patch is well positioned for the future.

I would like to invite you to the Annual Shareholders' Meeting in Auckland on Tuesday 22 November 2011. The meeting will be a good opportunity for you to meet our new CEO Neil Cowie, spend some time with the Directors and the Management Team, get their impressions on the last financial year, and get an update on how things are tracking in the 2012 financial year.

On behalf of the shareholders and the Board of Directors I would like to thank the entire Pumpkin Patch team for their hard work and the dedication they have shown during what has been a very tough year and for the effort I know they are currently putting in to developing strategies for the future.

A handwritten signature in black ink, appearing to read 'J. Freeman', is written on a light blue background.

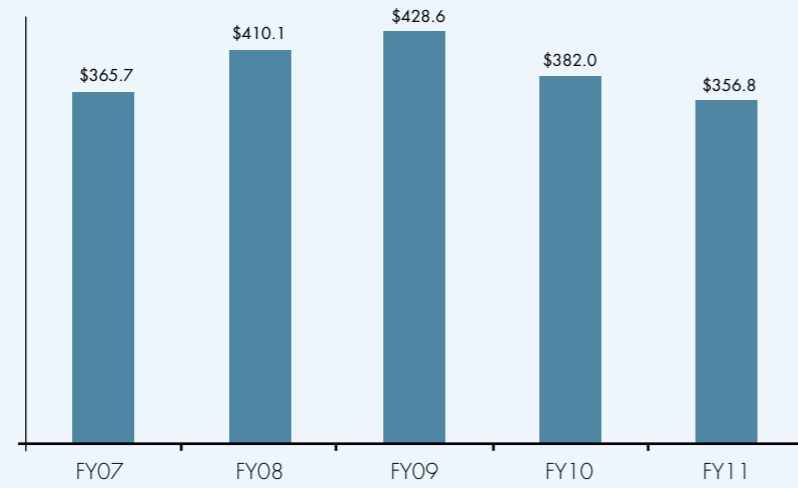
JANE FREEMAN – CHAIRPERSON



JANE FREEMAN

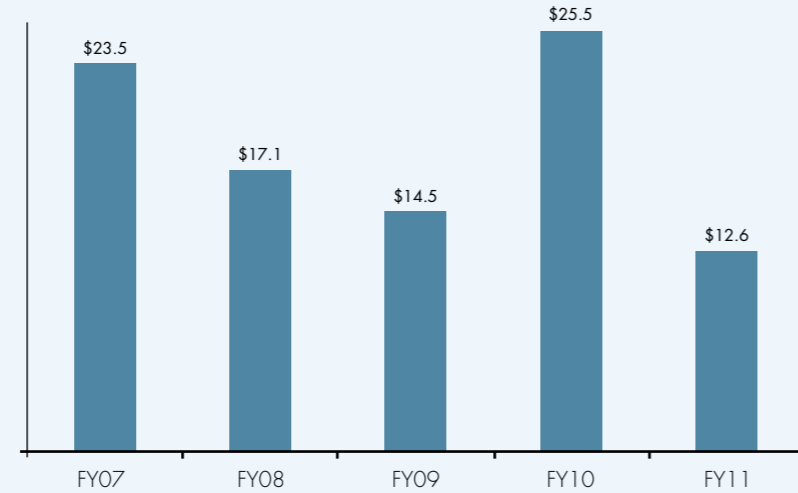


### GROUP TURNOVER\* (NZ\$M)



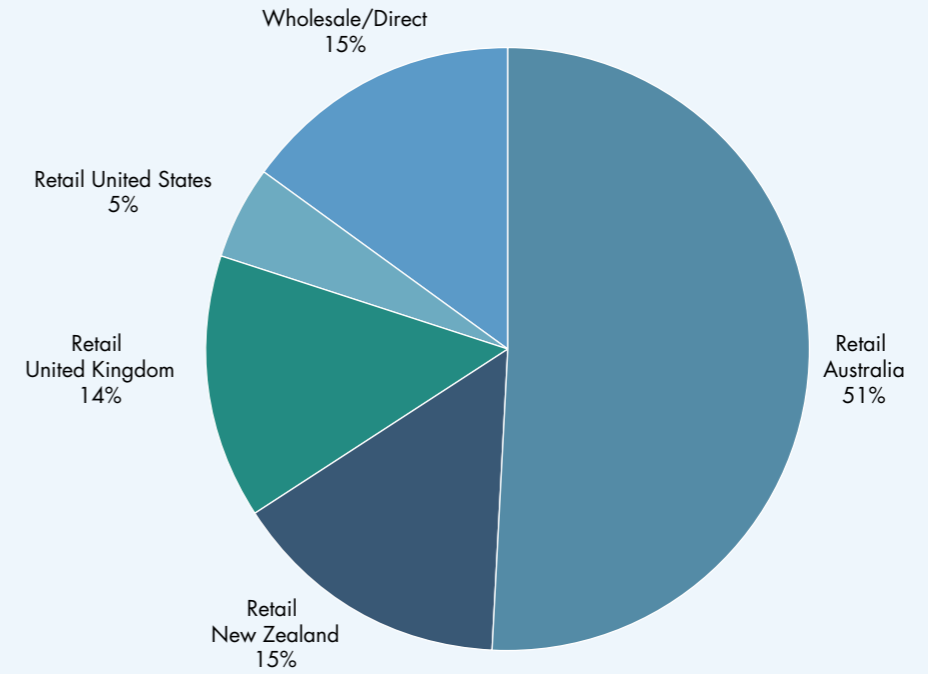
\*Including continuing and discontinuing operations

### GROUP NPAT\* (NZ\$M)



\*Before non-recurring items

### SALES COMPOSITION



### STORE NUMBERS

