



FULL YEAR  
RESULT

July 2010



## FY10 – Key Highlights

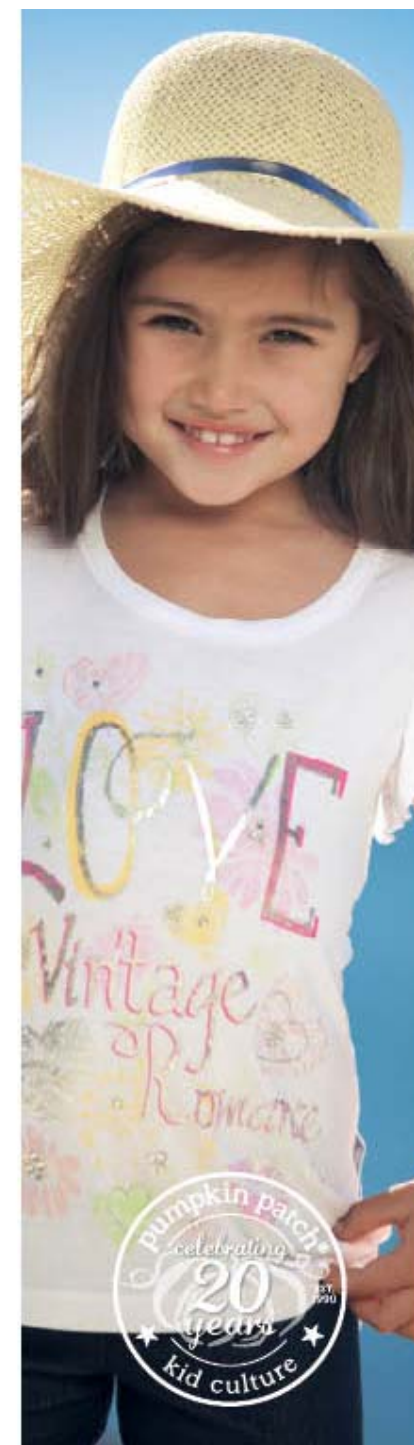
- Net profit after tax up 76% to \$25.5m
- Net profit after tax (from continuing activities) up 38%
- Total dividend for the year up 27% to 9.50cps
- Improved EBIT margins across all Retail markets
- Launch of our new brand Charlie & Me
- Entry into 4 new Wholesale markets
- Company is well placed for when trading conditions improve and to take advantage of market opportunities

# Financial Highlights

## Statement of Financial Performance

(Including discontinued activities and non-recurring items in FY09)

	<b>July 2010</b> <b>(12 months)</b>	<b>July 2009</b> <b>(12 months)</b>	<b>%</b>
Operating Revenue	381,994	428,609	(10.9%)
EBIT (excluding non-recurring items)	40,117 10.5%	26,736 6.2%	50.0%
Net Interest	2,356 0.6%	4,835 1.1%	(51.3%)
Net Profit After Tax (before non-recurring items)	25,502 6.7%	14,522 3.4%	75.6%
Non – recurring items (after tax)	-	(41,261)	
Net Profit After Tax (after non-recurring items)	25,502 6.7%	(26,739) (6.2%)	



# Financial Highlights

## Statement of Financial Performance

### Continuing Operations (1)

	<b>July 2010</b> (12 months)	<b>July 2009</b> (12 months)	<b>%</b>
Operating Revenue	381,994	412,348	(7.4%)
EBIT	40,117 10.5%	32,218 7.8%	24.5%
Net Interest	2,356 0.6%	4,835 1.2%	(51.3%)
Net Profit After Tax	25,502 6.7%	18,549 4.5%	37.5%

(1): Excluding trading result from 15 US stores closed in FY09 and non-recurring items



# Financial Highlights

## Statement of Financial Position

	<b>Jul 2010</b>	<b>Jul 2009</b>	<b>Change</b>
Inventory	71,355	80,210	(8,855)
Other current assets	27,038	23,682	3,356
Non-current assets	73,251	71,733	1,518
<b>Total assets</b>	<b>171,644</b>	<b>175,625</b>	<b>(3,981)</b>
Net bank debt (1)	26,055	18,437	7,618
Other current liabilities	49,407	48,616	791
Non-current liabilities	15,315	19,894	(4,579)
<b>Total liabilities</b>	<b>90,777</b>	<b>86,947</b>	<b>3,830</b>
<b>Net assets</b>	<b>80,867</b>	<b>88,678</b>	<b>(7,811)</b>

(1) Represents set off of cash balances on hand with current and term bank borrowings

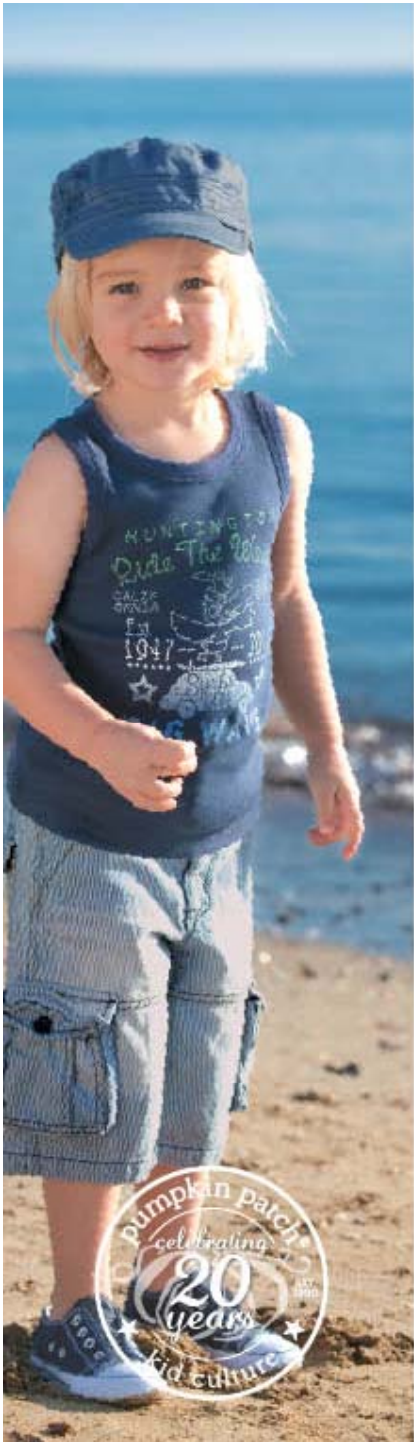




## Financial Highlights Statement of Cashflows

	<b>Jul 2010</b> <b>(12 months)</b>	<b>Jul 2009</b> <b>(12 months)</b>	<b>Change</b>
Net cash flow from operating activities	20,801	60,577	(39,776)
Net cash flow from investing activities	(13,379)	(11,796)	(1,583)
Net cash flow from financing activities	(15,041)	14,120	(29,161)
<b>Net cash flow for period</b>	<b>(7,619)</b>	<b>62,901</b>	<b>(70,520)</b>
<b>Net bank debt at period end</b> <sup>(1)</sup>	<b>(26,055)</b>	<b>(18,436)</b>	

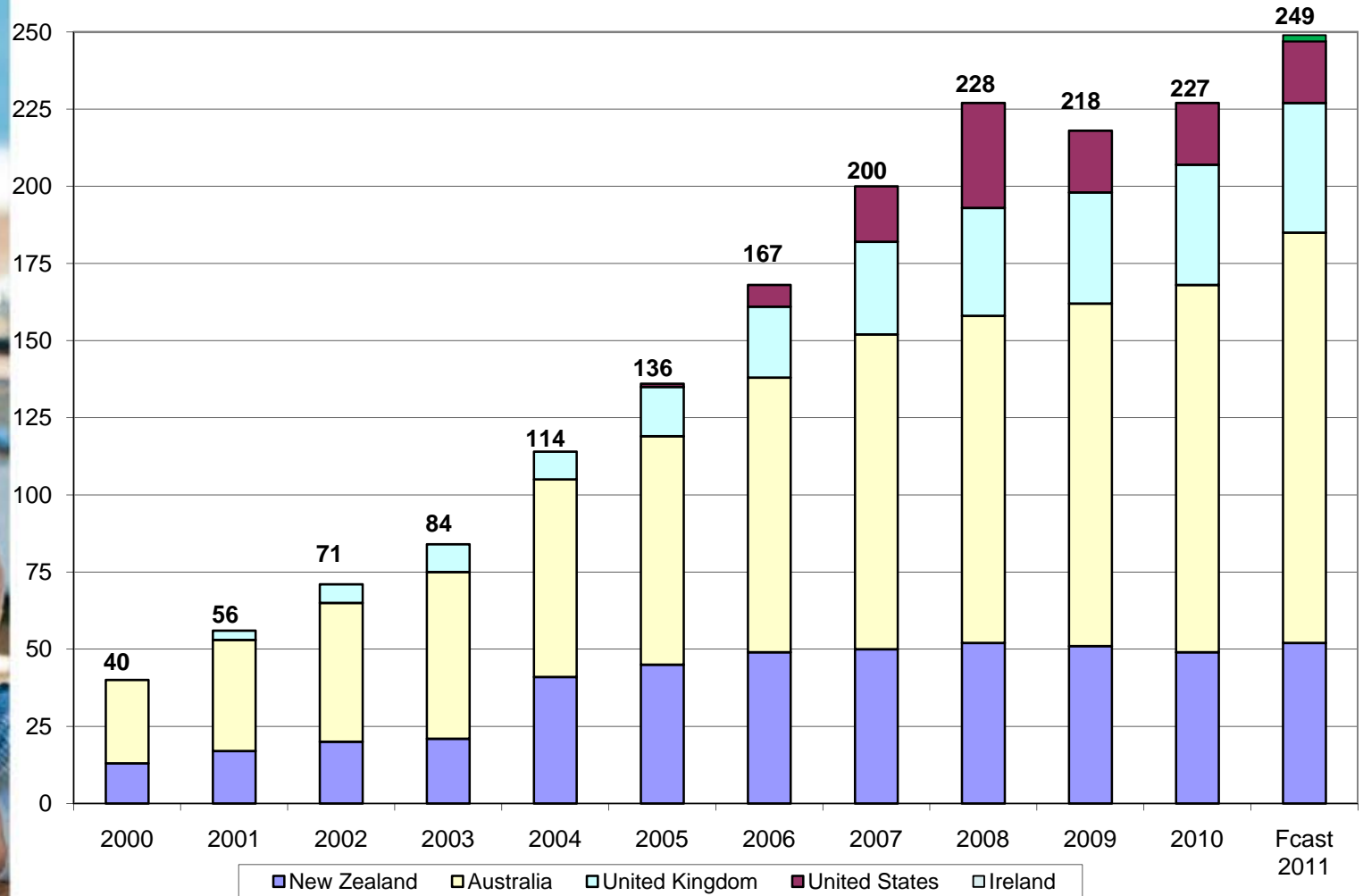
(1) Represents set off of cash balances on hand with current and term bank borrowings. Classifications vary from those used in Statement of Cashflows in NZX Appendix 1



# Store Openings – FY10

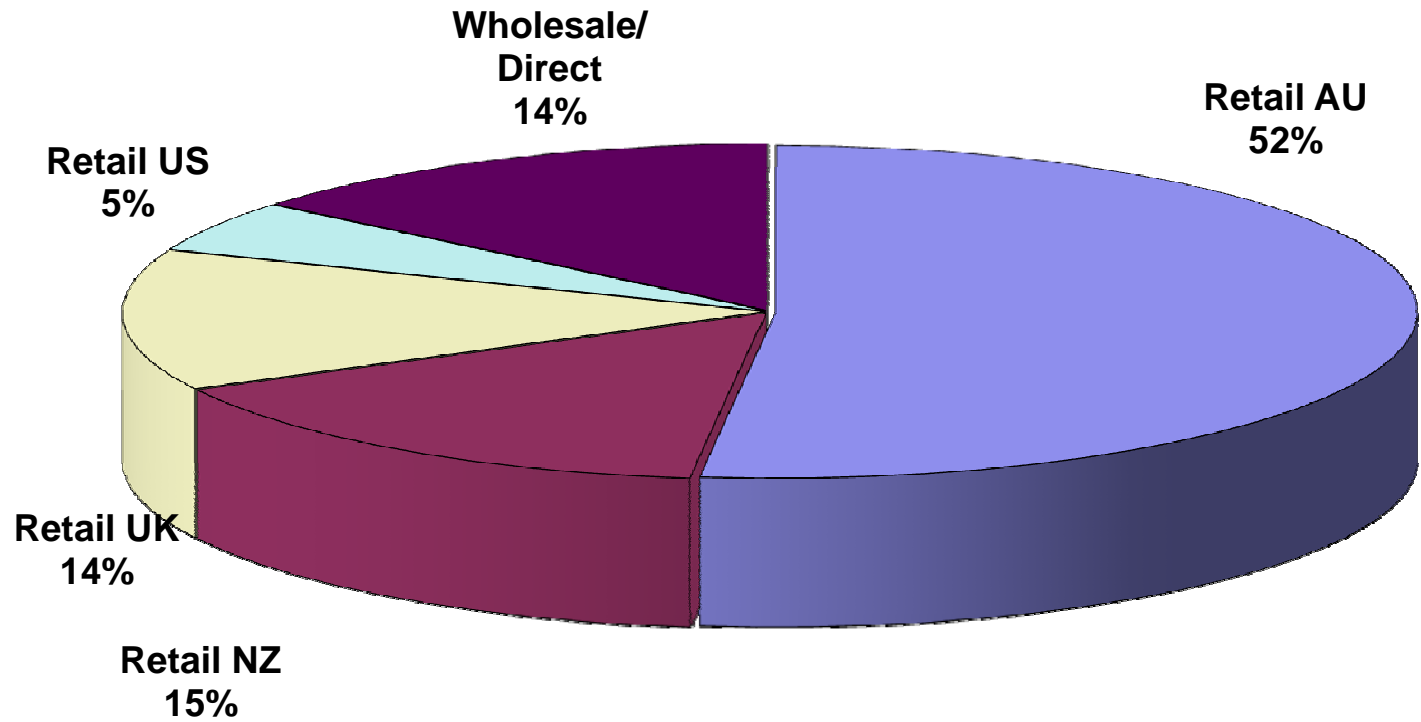
	<b>July 10</b>	1H10	2H10	<b>FY10</b>	FY09
	<b>Total Stores Open</b>	Store Openings	Store Openings	<b>Total Store Openings</b>	Total Store Openings
<b>Australia</b>					
Pumpkin Patch	103	0	4	4	4
Outlets	16	3	1	4	1
Urban Angel	0	0	0	0	-1
	119	3	5	8	4
<b>New Zealand</b>					
Pumpkin Patch	34	0	1	1	1
Outlets	12	0	0	0	1
Urban Angel	3	-1	-2	-3	-3
	49	-1	-1	-2	-1
<b>United Kingdom</b>					
Pumpkin Patch	35	2	0	2	1
Outlets	4	1	0	1	0
	39	3	0	3	1
<b>United States</b>					
Pumpkin Patch	20	0	0	0	-14
	<b>227</b>	5	4	9	-10
Add back Urban Angel store mergers in period		1	2	3	4
Add back United States stores closed in period		0	0	0	15
<b>Stores opened in period</b>		<b>6</b>	<b>6</b>	<b>12</b>	<b>9</b>

# Store Numbers – July 2010





# Sales Composition





Divisional Results



# Australia Retail

	<b>Jul 2010</b> <b>(12 months)</b>	<b>Jul 2009</b> <b>(12 months)</b>	
Turnover AUD	157,056	166,398	(5.6%)
Turnover NZD	198,276	203,426	(2.5%)
EBIT NZD	38,705	38,469	0.6%
	19.5%	18.9%	
Stores:			
Pumpkin Patch	103	99	
Outlet	<u>16</u>	<u>12</u>	
	119	111	





## New Zealand Retail

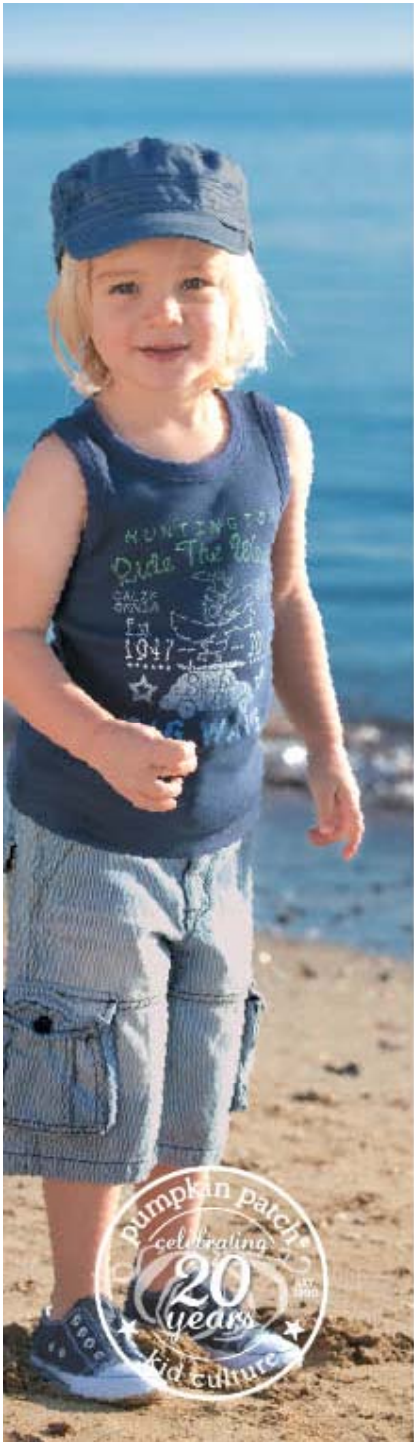
	<b>Jul 2010</b> <b>(12 months)</b>	<b>Jul 2009</b> <b>(12 months)</b>	
Turnover	58,908	64,357	(8.5%)
EBIT	11,310	11,125	1.7%
	19.2%	17.3%	
Stores:			
Pumpkin Patch	34	33	
Outlet	12	12	
Urban Angel	<u>3</u>	<u>6</u>	
	49	51	

FY09 includes the results of temporary outlet stores that have since been closed. Adjusting for this turnover is down 6.3% and EBIT is up 2.6%.

# Wholesale and Direct



	<b>Jul 2010</b> <b>(12 months)</b>	<b>Jul 2009</b> <b>(12 months)</b>	
Turnover NZD	53,217	62,540	(14.9%)
EBIT NZD	13,708	16,583	(17.3%)
	25.8%	26.5%	



## United Kingdom Retail

	<b>Jul 2010</b> <b>(12 months)</b>	<b>Jul 2009</b> <b>(12 months)</b>	
Turnover GBP	23,636	22,520	5.0%
Turnover NZD	52,455	59,200	(11.4%)
EBIT NZD	(885)	(4,962)	82.2%
Stores:			
Pumpkin Patch	35	33	
Outlet	<u>4</u>	<u>3</u>	
	39	36	

FY09 EBIT is operating EBIT before non-recurring impairment costs



# United States Retail

(Continuing stores)

	<b>Jul 2010</b> <b>(12 months)</b>	<b>Jul 2009</b> <b>(12 months)</b>	
Turnover USD	13,586	13,585	0.0%
Turnover NZD	19,138	22,825	(16.1%)
EBIT NZD	(2,685)	(9,289)	71.1%
Stores:	20	20	

FY09 EBIT is operating EBIT before non-recurring reorganisation costs



## Charlie & Me

- New stand alone brand focusing on “everyday wear”
  - Segment makes up over 75% of total childrenswear market
  - Significantly expands potential customer base for the company
  - Leverages off existing infrastructure and capabilities
- First store opened August 2010
  - Expect at least 7 stores to be opened by end of FY11
- Main focus on Australia in short term
  - Potential international market opportunities in the future
- Will be in development phase for next 12 to 18mths
  - Longer term roll out strategies will then be assessed

# Outlook 2011

- General

- Trading levels in all markets to remain challenging in the short term
- The Company remains well positioned to take advantage of improved trading when it comes

- Australia

- Cautious of the trading outlook in the short term
- Continue to focus on margin and cost management
- Develop and assess the initial tranche of Charlie & Me stores
- Open 14 new stores (Pumpkin Patch 8, Charlie & Me 6)



# Outlook 2011 - cont

- New Zealand
  - Trading conditions to remain subdued in the short term
  - Focus on margin and cost management
  - Open 3 new stores (Pumpkin Patch 2; Charlie & Me 1)
- Wholesale and Direct
  - Expecting wholesale partners to slowly return to more normal buying patterns into 2012
  - Impact of new markets will not be noticeable till 2012
  - High exchange rates will continue to impact earnings
  - Finalise negotiations on a number of new markets
  - Continue research into other international markets
  - Development of internet channel will continue





## Outlook 2011 – cont

- United Kingdom
  - Trading conditions to remain soft in the short term but steadily improve into 2012
  - Soft leasing environment leading to lower rental costs upon lease renewal
  - Focus on strategies for poorer performing stores
  - Open 3 stores in FY11
- United States
  - Conditions to remain soft until the economy as a whole shows significant improvement



## Outlook 2011 – cont

- Ireland
  - First store opened August with another due to open in October
  - Will be in the new stores across 2011
  - Assess store performances before confirming long term strategies

# Outlook 2011 – cont

- Bank debt
  - Expected to be between \$30m and \$35m at July 2011
    - Based on current trading and expected working capital and capital expenditure requirements
  - Debt facilities in place till December 2011
- Inventory
  - Continue to focus on inventory management strategies to maintain inventory around current levels





## Dividend

Final dividend of 5.00 cps (Final FY09 4.50cps)

- Total dividend for FY10 of 9.50cps (FY09: 7.50cps)
- Fully imputed for New Zealand shareholders
- Franked to 50% for Australian shareholders
- Supplementary dividend to be paid to non-residents
- Payment date 21<sup>st</sup> October/ record date 7<sup>th</sup> October

# Foreign Currency

## Current hedging position

		<b>FY11 (remainder)</b>	<b>FY12</b>	<b>FY13</b>
<b>Exports</b>				
NZD/ AUD	% covered	86%	63%	51%
	Effective cover rate	\$0.7861	\$0.7966	\$0.7973
NZD/ USD	% covered	61%	0%	0%
	Effective cover rate	\$0.5834	-	-
NZD/ GBP	% covered	37%	0%	0%
	Effective cover rate	\$0.4456	-	-
<b>Imports</b>				
USD/ AUD	% covered	83%	62%	37%
	Effective cover rate	\$0.7990	\$0.7760	\$0.8086
USD/ NZD	% covered	78%	47%	9%
	Effective cover rate	\$0.6524	\$0.6155	\$0.6614
USD/ GBP	% covered	30%	0%	0%
	Effective cover rate	\$1.6373	-	-

Effective cover rates are the actual cover rates adjusted for the allocation of gains realised during the foreign exchange restructuring in 1H09



