

MAJOR ACHIEVEMENTS IN 2009

- Net bank debt down 77% to \$18m.
- Bank debt facilities in place until December 2011.
- Inventory down \$42m to \$80m.
- Implementation of a reorganisation plan for the United States retail stores.
- Net profit before tax excluding all United States stores and non-recurring items up 7.8% to \$25.1m.
- Overheads realigned to match the current environment.
- Final dividend of 4.50 cents per share, fully imputed, taking total dividend for the year to 7.50 cents per share, the same as in 2008.
- The Company is well positioned for when trading conditions improve and to take advantage of market opportunities as they arise.



FINANCIAL HIGHLIGHTS



	2009 NZ \$'000	2008 NZ \$'000	Change
Trading Results (from continuing activities)			
Group operating revenue	412,348	399,466	+3.2%
Net profit after tax (before non-recurring items)	18,549	19,353	(4.2%)
Net cash flows from operating activities	60,577	5,039	
Financial Position at Year End			
Total equity	88,678	96,730	
Total assets	188,189	268,610	
Capital expenditure	11,796	35,906	
Number of stores			
Australia	111	107	
New Zealand	51	52	
United Kingdom	36	35	
United States	20	34	
Total	218	228	

CHAIRMAN'S LETTER

DEAR SHAREHOLDERS

The 2009 financial year will be remembered as perhaps the most challenging year we have faced as a Company since our founding 20 years ago. However it will also be remembered as a year in which the entire Pumpkin Patch Team pulled together to deal with the challenging markets and undertook a number of initiatives that has set our company up to face the future with confidence and certainty.

This time last year the global financial markets were in turmoil and the retail sectors in all our markets were facing a very uncertain period of trading. Instead of going into defensive mode the Company embarked on a series of initiatives to both navigate our way through the economic storm and put in place a very strong financial platform to allow the Company to take advantage of the recovery when it came.

The main outcomes of those initiatives were an impressive \$63m or 77% reduction in net bank debt, a substantial 34% reduction in inventory holdings, a much lower overhead base across all business units, and the implementation of the reorganisation plan for the United States retail operation.

During the year it became clear that the poor trading conditions in the United States would continue for the foreseeable future, and that our existing trading model could not be sustained. Accordingly we implemented a reorganisation plan for this business late in the 2009 year. Under this plan 15 stores were closed while leases on the remaining 20 stores are being renegotiated at significantly lower rates. Although the plan led to a one off charge in 2009, the reorganised store network will continue to give us good brand presence in this important market and will generate much better financial outcomes in the longer term.

While trading was challenging in our home markets of Australia and New Zealand we grew market share and reinforced the brand's position as the leading specialty childrenswear offer. We are currently assessing some significant new store opportunities across Australia which we plan to develop over the next 2 to 3 years.

The United Kingdom market was very challenging in 2009 however a considerably softer leasing market is providing us with lower rental costs when re-negotiating leases and is creating some new store opportunities that we are currently



assessing. We believe the Pumpkin Patch brand is getting stronger in that market and will be well placed when the general retail market improves.

Throughout the year we continued to investigate wholesale growth opportunities both in existing and new markets. We are currently in talks with a number of new wholesale partners however it is too early to publicly discuss these in detail. The successful development of new markets takes time and we want to make sure we choose the right partners to take the Pumpkin Patch brand to these exciting new markets.

Overall I believe the 2009 result was a very credible one given the hugely volatile environment faced during the year. The initiatives implemented across the various business units position us well to take advantage of improved trading conditions and other market growth opportunities.

The Annual Shareholders Meeting is to be held in Auckland at the Ellerslie Convention Centre on Tuesday 24 November 2009 at 1pm. A Notice of Meeting has been sent to shareholders which contains full details of the meeting. Given the challenges faced this year and the initiatives implemented by the Company the meeting will be a good opportunity for all shareholders to personally hear how well the Company is positioned for the future.

On behalf of the shareholders and the Board of Directors I would like to thank Maurice and his team for the immense amount of hard work they have put in over the last 12 months dealing with the challenges the Company encountered. I am proud to say that the entire team remains totally dedicated to making Pumpkin Patch a truly global success story.

A handwritten signature in black ink, appearing to read 'Greg Muir'.

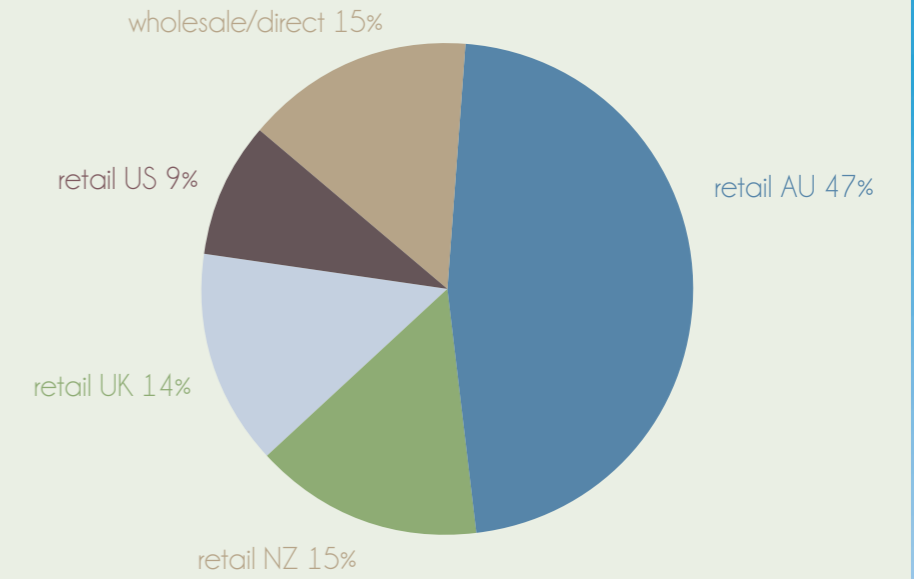
GREG MUIR - CHAIRMAN



GREG MUIR



SALES COMPOSITION



STORE NUMBERS

