

PUMPKIN PATCH
FULL YEAR RESULT
JULY 2008





Performance Highlights – FY08

- Group operating revenue of \$410.4m – up 12.3%
- Continued strong sales and EBIT performances in Australia
 - Sales up 11.4%, EBIT up 15.9%
- Strong performance in New Zealand despite difficult general retail environment
- Continued investment in the United States
 - 16 stores opened with capital expenditure of \$14.5m
- Group result significantly impacted by:
 - United States trading environment
 - Higher interest charges
 - Higher quota costs

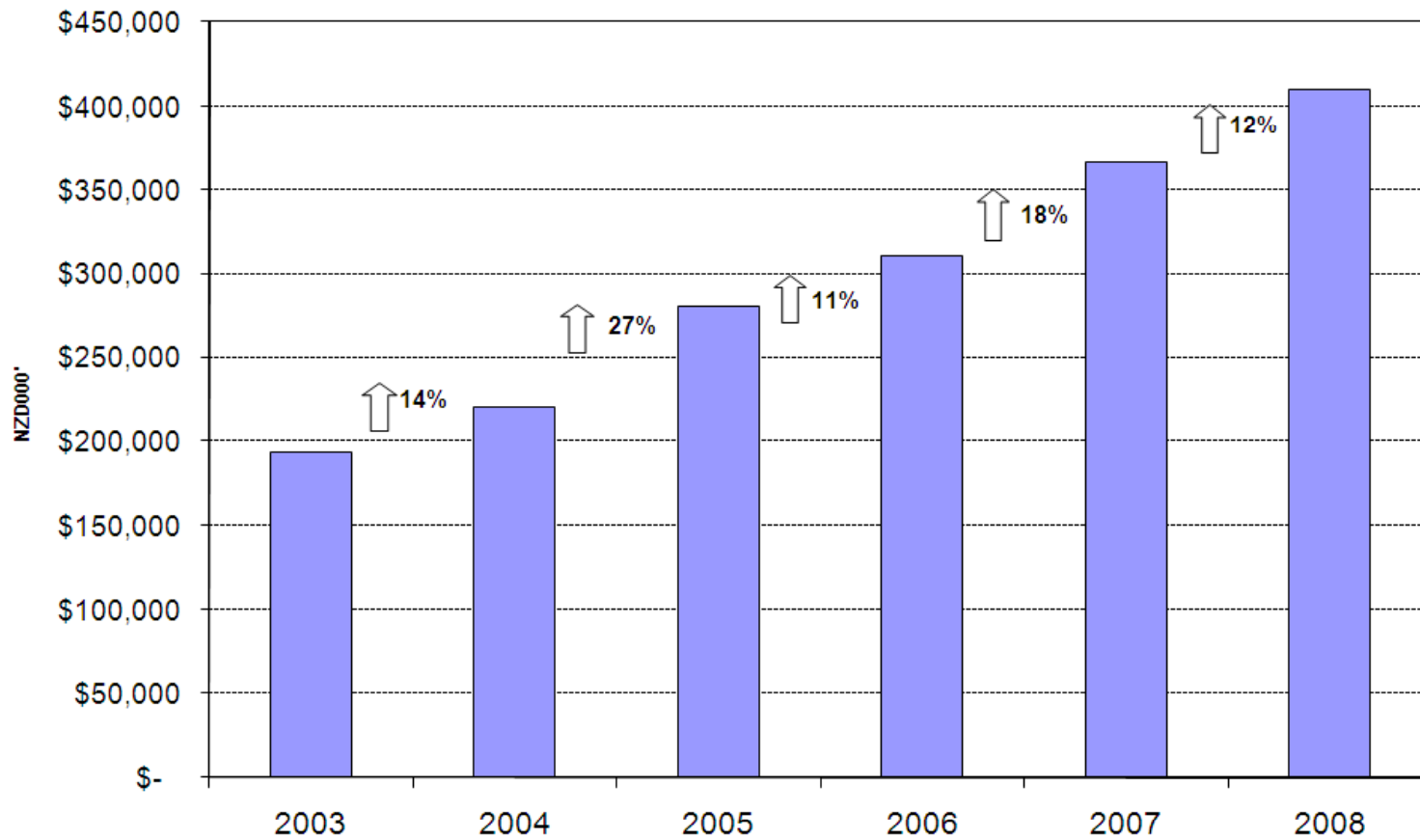
Unless otherwise stated all FY08 results and comparatives in this presentation are reported under previous NZGAAP. Refer to later slides for reconciliation with NZIFRS

Performance Highlights – FY08

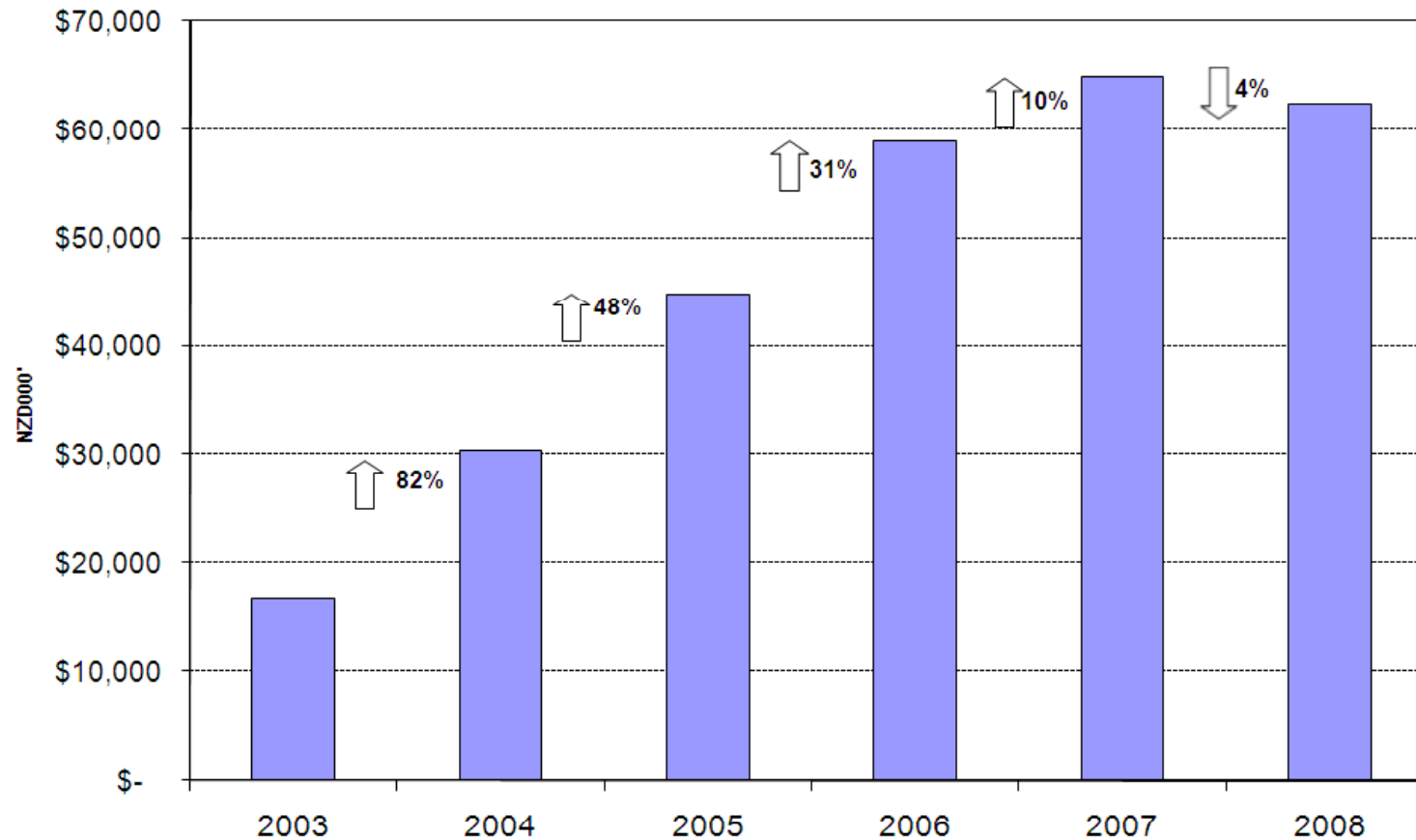
- Before Quota:
 - EBITDA was \$62.3m (-3.8%)
 - EBIT was \$45.6m (-9.2%)
 - NPAT was \$26.7m (-16.0%)
- After Quota
 - EBITDA was \$55.6m (-8.1%)
 - EBIT was \$38.9m (-15.3%)
 - NPAT was \$20.1m (-27.2%)
- Total store numbers now 228
 - Australia 107, New Zealand 52, United Kingdom 35, United States 34
- Final dividend of 3.50 cents per share, fully imputed (2007: 4.50cps)



Since 2003 Operating Revenue has grown at a 16% compound average growth rate



Since 2003 EBITDA (before quota) has grown at a compound average growth rate of 30%



Financial Highlights

Statement of Financial Performance (Previous NZGAAP)

	July 2008 (12 months)	July 2007 (12 months)	%
Operating Revenue	410,410	365,477	12.3%
EBITDA	55,635 13.6%	60,552 16.6%	(8.1%)
EBIT	38,947 9.5%	46,007 12.6%	(15.3%)
Interest	7,529 1.8%	3,534 1.0%	113.7%
Net Profit After Tax	20,082 4.9%	27,585 7.5%	(27.2%)
Earnings (CPS)	12.0	16.6	
Interest Cover (times)	6.2	13.0	



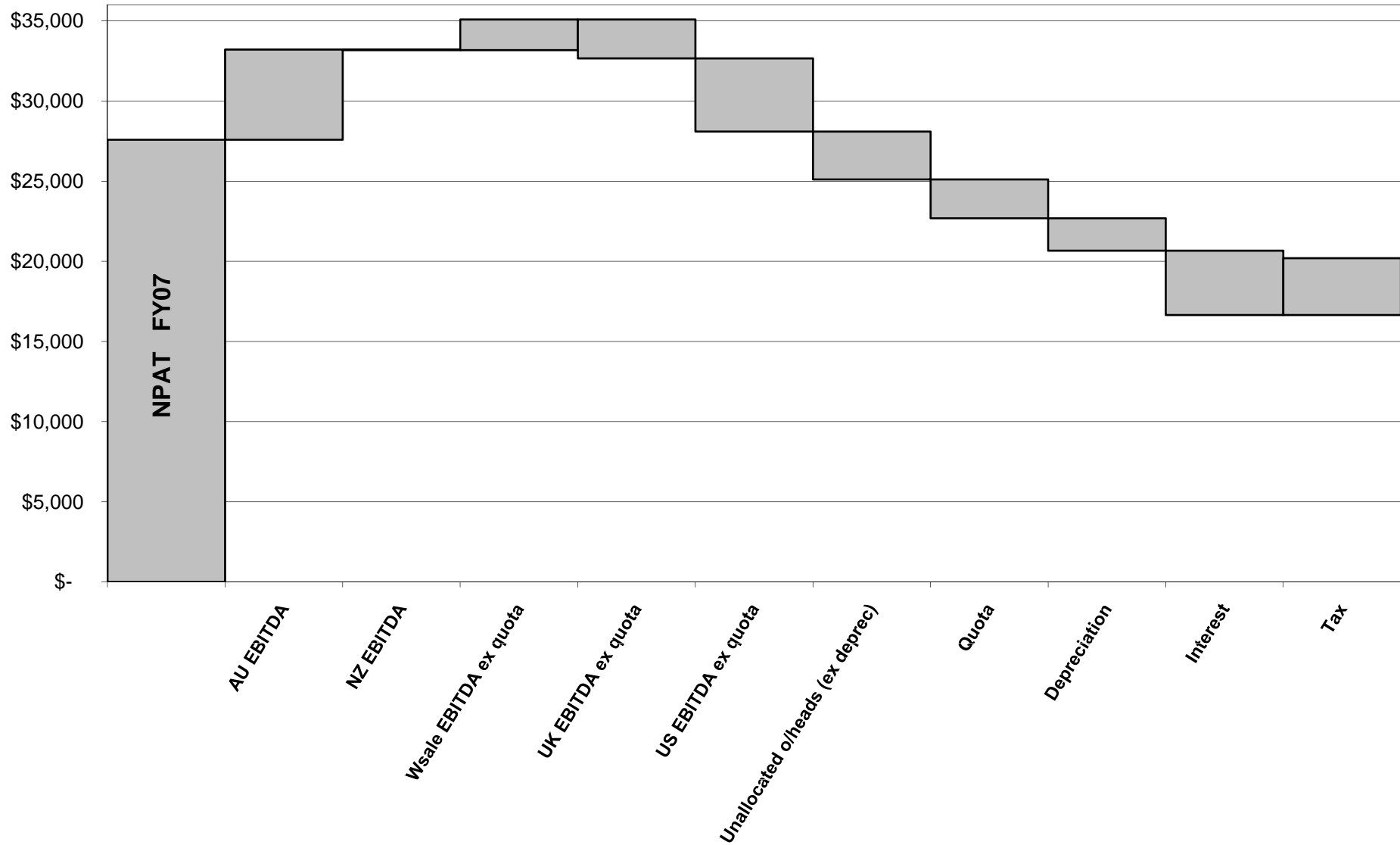
Financial Highlights

Impact of Quota (Previous NZGAAP)

	July 2008 (12 months)	July 2007 (12 months)	%
Direct Quota Cost	6,663	4,239	57.2%
EBITDA (before quota)	62,298 15.2%	64,791 17.7%	(3.8%)
EBIT (before quota)	45,610 11.1%	50,246 13.7%	(9.2%)
Net Profit After Tax (before quota)	26,745 6.2%	31,824 8.7%	(16.0%)



NPAT FY08 vs. FY07



Financial Highlights

Statement of Financial Position (Previous NZGAAP)

	July 2008	July 2007	Change
Current assets	144,862	107,812	37,050
Non-current assets	95,187	77,755	17,432
Total assets	240,049	185,567	54,482
Current liabilities	30,227	31,206	(979)
Bank debt	81,337	37,191	44,146
Non-current liabilities	11,164	6,880	4,284
Total liabilities	122,728	75,277	47,451
Net assets	117,321	110,290	7,031





Financial Highlights

Statement of Cashflows

	July 2008 (12 months)	July 2007 (12 months)	Change
Net cashflow from operating activities	4,723	25,843	(21,120)
Net cashflow from investing activities	(35,590)	(35,761)	171
Net cashflow from financing activities	(13,279)	(14,265)	986
Net increase in bank debt	(44,146)	(24,183)	(19,963)

Store Openings – FY08



Australia

Pumpkin Patch
Outlets
Urban Angel

New Zealand

Pumpkin Patch
Outlets
Urban Angel

United Kingdom

Pumpkin Patch
Outlets

United States

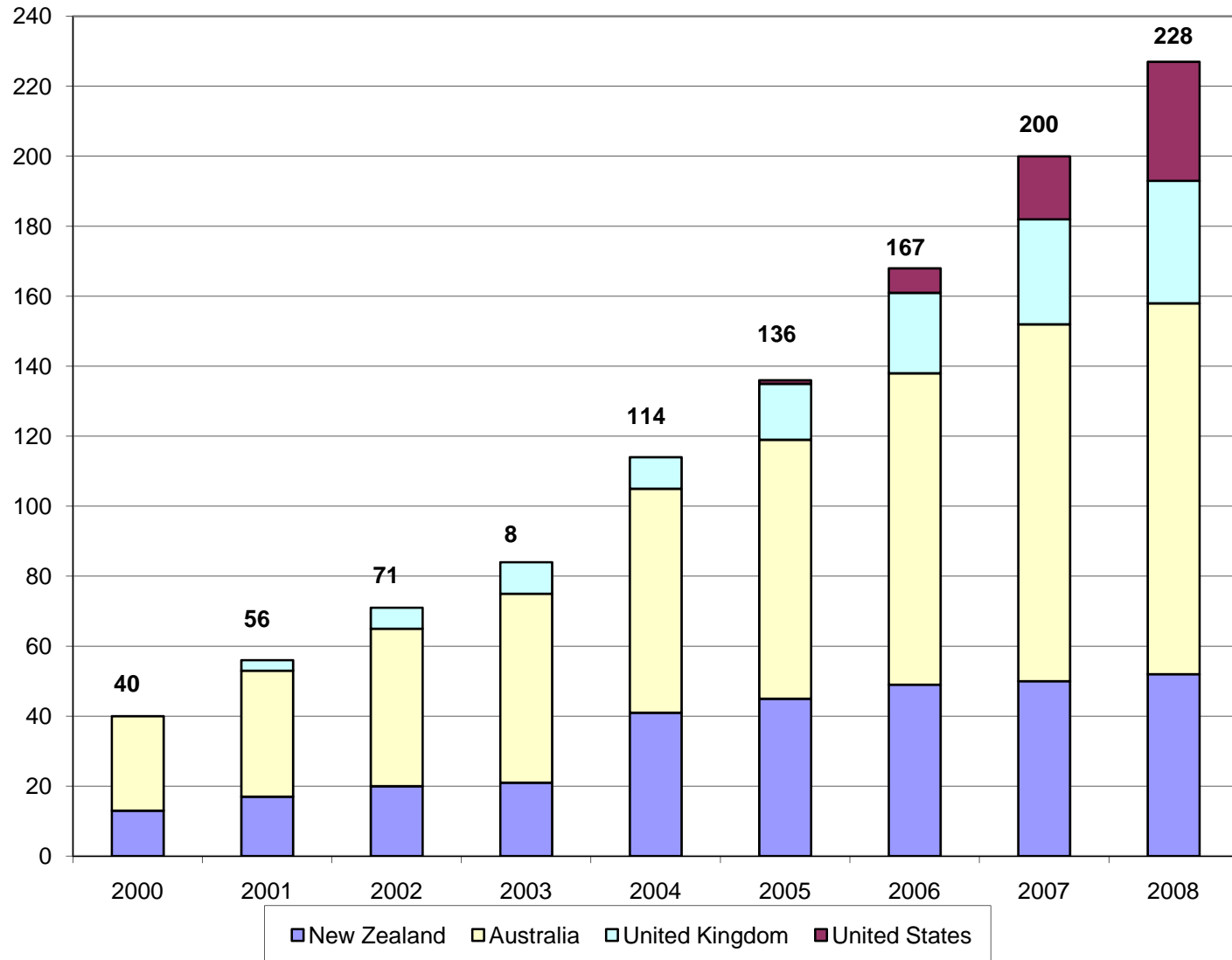
Pumpkin Patch

Add back Urban Angel store mergers in period

Stores opened in period

	July 08 Total Stores Open	1H08 Store Openings	2H08 Store Openings	FY08 Total Store Openings	FY07 Total Store Openings
Australia					
Pumpkin Patch	95	2	3	5	10
Outlets	11	0	0	0	3
Urban Angel	1	0	0	0	0
	107	2	3	5	13
New Zealand					
Pumpkin Patch	32	0	0	0	3
Outlets	11	0	3	3	1
Urban Angel	9	0	-1	-1	-3
	52	0	2	2	1
United Kingdom					
Pumpkin Patch	33	2	2	4	7
Outlets	2	1	0	1	0
	35	3	2	5	7
United States					
Pumpkin Patch	34	10	6	16	11
	228	15	13	28	32
Add back Urban Angel store mergers in period		0	1	1	3
Stores opened in period		15	14	29	35

Store Numbers – July 2008



DIVISIONAL RESULTS



Australia Retail

	July 2008 (12 months)	July 2007 (12 months)	
Turnover AUD	163,401	156,945	4.1%
Turnover NZD	198,452	178,119	11.4%
EBIT NZD	41,157	35,513	15.9%
	20.7%	19.9%	
Stores:			
Pumpkin Patch	95	90	
Outlet	11	11	
Urban Angel	<u>1</u>	<u>1</u>	
	107	102	



Australia Retail

Highlights

- Sales growth
 - NZD sales up 11.4% (AUD sales up 4.1%).
 - Very strong sales performance in light of softer general retail environment.
 - 2H08 more challenging than 1H08.
- EBIT growth
 - EBIT \$ up 15.9%.
 - EBIT % up 0.8% .
 - Focus on margins and operating costs in a softening retail environment
 - Economies of scale
 - Lower NZD/ AUD exchange rate.
- 5 stores opened vs. 13 in FY07
 - Total stores now 107.





New Zealand Retail

	July 2008 (12 months)	July 2007 (12 months)	
Turnover	65,633	64,334	2.0%
EBIT	12,715	12,686	0.2%
	19.4%	19.7%	
Stores:			
Pumpkin Patch	32	32	
Outlet	11	8	
Urban Angel	<u>9</u>	<u>10</u>	
	52	50	



New Zealand Retail

Highlights

- Sales growth
 - Sales up 2.0%.
 - Solid performance considering poor general retail environment.
 - Reflects strength of the Pumpkin Patch brand.
- EBIT
 - EBIT \$ similar to FY08
 - Sales mix moved towards more Outlet stores.
- Stores now total 52
 - 3 Outlet stores opened during FY08.

United Kingdom Retail

	July 2008 (12 months)	July 2007 (12 months)	
Turnover GBP	22,654	19,564	15.8%
Turnover NZD	59,369	54,258	9.4%
Excluding Quota:			
EBITDA NZD	3,217 5.4%	5,645 10.4%	(43.0%)
EBIT NZD	(197) (0.3%)	2,819 5.2%	(107.0%)
Including Quota:			
EBITDA NZD	995 1.7%	4,069 7.5%	(75.5%)
EBIT NZD	(2,419) (4.1%)	1,243 2.3%	(294.6%)
Stores:			
Pumpkin Patch	33	29	
Outlet	<u>2</u>	<u>1</u>	
	35	30	





United Kingdom Retail

Highlights

- Sales growth
 - GBP sales up 15.8%; NZD sales up 9.4%.
 - Very soft retail environment compared to FY07.
 - Market leaders continued to report poor performances.
- Quota
 - Total quota costs for FY08: \$2.2m (FY07: \$1.6m)
 - Includes \$1.0m cost of unused quota write off
- EBIT
 - EBIT down on FY07.
 - Impacted by retail environment and supply chain.
 - 18 of the 30 stores open greater than 1 year are trading profitably (excluding quota costs).
- 5 stores opened – total stores 35



United States Retail	July 2008 (12 months)	July 2007 (12 months)	
Turnover USD	20,898	12,805	63.2%
Turnover NZD	27,310	18,137	50.6%
Excluding Quota:			
EBITDA NZD	(3,092) (11.3%)	1,474 8.1%	
EBIT NZD	(6,304) (23.1%)	(385) (2.1%)	
Including Quota:			
EBITDA NZD	(5,685) (20.8%)	326 1.8%	
EBIT NZD	(8,897) (32.6%)	(1,533) (8.5%)	
Stores:			
Pumpkin Patch	34	18	



United States Retail

Highlights

- Sales
 - USD sales up 63.2% (NZD sales up 50.6%).
 - Very tough retail environment across FY08.
 - Market leaders reporting difficult conditions and some industry rationalisation is occurring.
 - Extremely difficult for new entrants to the market.
- EBIT
 - Quota costs \$2.6m (FY07: \$1.1m). Per unit quota price significantly higher than FY07.
 - 10 of the 18 stores open greater than 1 year are trading profitably (excluding quota costs).
- 16 stores opened vs. 11 in FY07
 - 34 stores now open (California 15, Texas 5, Arizona 4, Washington State 3, Colorado 2, Virginia 2, Maryland 2, Oregon 1)
 - Average store age: 16 months

Wholesale and Direct

	July 2008 (12 months)	July 2007 (12 months)	
Turnover NZD	59,380	50,408	17.8%
EBIT NZD	15,541 26.2%	14,048 27.9%	10.6%
EBIT NZD (excluding quota)	17,388 29.3%	15,562 30.9%	11.7%





Wholesale and Direct

Highlights

- Sales

- Translation of earnings negatively impacted by high NZD
- Commenced sales to Russia in 2H08.
- Positive signs from mail order and internet selling to United States and United Kingdom.

- EBIT

- Result includes quota costs of \$1.8m (FY07: \$1.5m).
- United States quota prices significantly higher than FY07.



Outlook FY09

Australasia

- Australia

- Trading conditions are expected to be difficult throughout FY09.
- The strength of the Pumpkin Patch brand will lessen the impact of the economic slowdown.
- Open 4 stores (including 1 Outlet store).

- New Zealand

- Trading conditions are expected to be difficult throughout FY09.
- Store profitability expected to be impacted.
- The strength of the Pumpkin Patch brand will lessen the impact of any continued retail slowdown.
- Open 4 stores (including 3 Outlet stores).



Outlook FY09 – cont

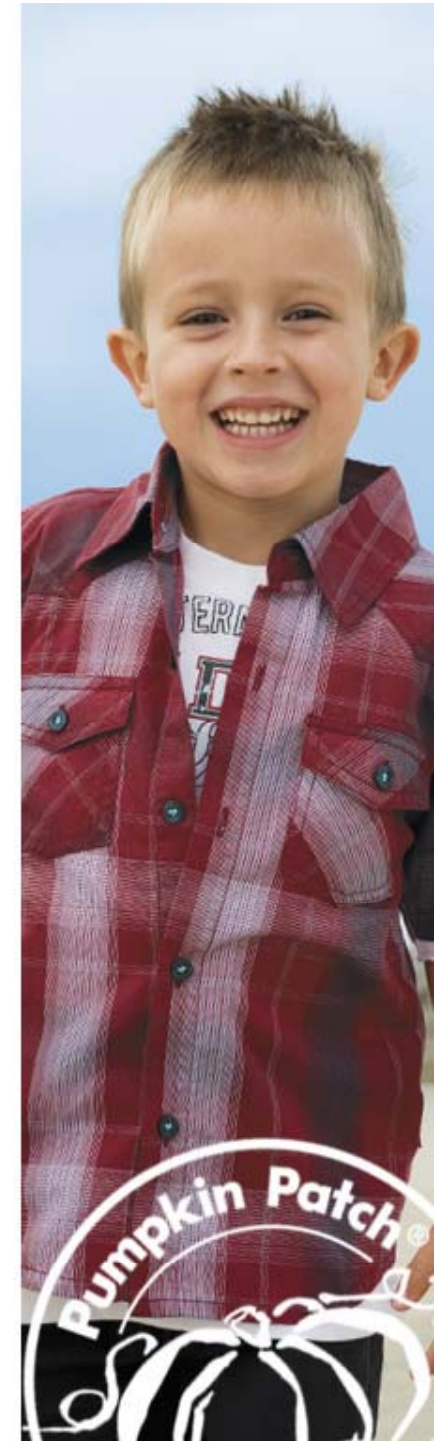
United Kingdom

- Current difficult trading conditions set to continue
- Customer and brand awareness continues to grow
- Focus on EBIT growth:
 - Margin enhancement through better management of inventory
 - Continuation of brand development
 - Improved logistics processes
 - Benefits from quota ceasing
 - Full benefits of the above will not be noticeable until trading conditions improve
- 1 new store confirmed for FY09.

Outlook FY09 – cont

United States

- Very tough retail environment to continue
- Store sales growth profile will continue to be impacted by these conditions
- EBIT losses to continue in the short term
- Focus on:
 - Bedding down existing stores
 - Increasing brand awareness
 - Ensuring supply chain operating efficiently, leading to better inventory management
- 1 new store confirmed for FY09.



Outlook FY09 – cont

United States – longer term

- Still very early in the market development cycle
 - Average store age is 16 months
 - Market conditions extremely challenging – not easy to make assessment of likely future trading levels
 - Results from the early stores before United States downturn were encouraging
- Best strategy in the near term is to:
 - Stabilise existing store operations, test and fine tune the model
 - Open stores only when stringent lease criteria are met
 - When trading conditions improve, confirm the next phase of store roll out





Outlook FY09 – cont

Wholesale and Direct

- Expecting sales to be impacted by global retail softness:
 - Lower orders from established markets (United States, United Kingdom, Australia)
 - Slower sales growth from recently developed markets
- Margin pressure to come from partners dealing with difficult retail conditions in their local markets
- Focus on:
 - Maximising opportunities with existing customers
 - Continue research into other markets in Europe and Asia, and develop strategies for a number of these
- Continue to grow internet and mail order activities in the United Kingdom and United States



Outlook FY09 – cont

Inventory

- Inventory levels currently higher than ideal
 - Built up inventory buffer to protect against supply chain disruptions in the United Kingdom and United States
 - Accentuated by softening retail markets
- Inventory reduction and supply chain strategies are being implemented
 - Starting to positively impact inventory levels
 - Will take 18 - 24 months for full effect to be seen in total inventory holdings
 - Average inventory on a per store basis will reduce over that period
- Margins are not expected to be materially impacted
- Improved supply chain processes to the United States and United Kingdom expected in FY09

Outlook FY09 – cont

Bank borrowings

- Increase across FY07 and FY08 driven by:
 - Capital expenditure in the United States
 - Increased stock holdings
- Debt reduction a key focus for FY09 driven by:
 - Continued strong EBITDA results
 - Stock reduction strategies
 - Reduced capital expenditure
- Borrowings forecasted to be \$60m -\$70m by July 09
- Bank facilities:
 - Adequate headroom exists
 - Complying with all bank covenants





Dividend

Final dividend of 3.50 cps

- Vs. 4.50 cps in 2007
- Total dividend for FY08 of 7.50cps (FY07: 9.00cps)
- Fully imputed for New Zealand residents
- Fully franked for Australian residents
- Supplementary dividend to be paid to non-residents
- Payment date 15th October/ record date 3rd October

Foreign Currency

Current FX position – major currency pairings

		FY09 (remainder)	FY10	FY11
Exports				
NZD/ AUD	% covered	73%	74%	37%
	Ave cover rate	\$0.8450	\$0.8160	\$0.8347
NZD/ GBP	% covered	48%	0%	0%
	Ave cover rate	\$0.3301	-	-
Imports				
USD/ AUD	% covered	90%	80%	43%
	Ave cover rate	\$0.7301	\$0.7944	\$0.8065
USD/ NZD	% covered	89%	88%	61%
	Ave cover rate	\$0.6940	\$0.6897	\$0.6933
USD/ GBP	% covered	88%	90%	68%
	Ave cover rate	\$1.9130	\$1.9375	\$1.8712



Adoption of NZIFRS



- NZIFRS adopted in current (2008) financial year
- The following slides provide a reconciliation of previous NZGAAP to NZIFRS for the key financial numbers and segment EBIT results
- Results in this presentation have been presented under previous NZGAAP as most market analysts have not moved to NZIFRS reporting for the Company's results. These slides will ensure the transition to NZIFRS is clearly understood.
- In FY09 all reporting will be under NZIFRS.

Financial Highlights

Statement of Financial Performance (NZIFRS)

	July 2008 (12 months)	July 2007 (12 months)	%
Operating Revenue	410,410	365,477	12.3%
EBITDA	52,322 12.8%	55,311 15.1%	(5.4%)
EBIT	35,390 8.6%	40,709 11.1%	(13.1%)
Interest	7,529 1.8%	3,534 1.0%	113.0%
Net Profit After Tax	17,079 4.2%	23,542 6.4%	(27.5%)
Earnings (CPS)	10.2	14.1	
Interest Cover	4.7	11.5	



Impact of NZIFRS

	July 2008 (12 months)	July 2007 (12 months)
NPAT (NZIFRS)	17,079	23,542
NZ IFRS adoption adjustments made for:		
• Fixed increase operating lease rental	146	71
• Derivative financial instruments	1,301	3,163
• Share option expense	1,440	1,495
• Long service leave/ employee benefits	647	570
• Taxation adjustments on the above items	<u>(531)</u>	<u>(1,256)</u>
	<u>3,003</u>	<u>4,043</u>
NPAT (Previous NZGAAP)	20,082	27,585



Impact of NZIFRS on Segment EBIT

	NZIFRS	Previous NZGAAP	Var
FY08 – Segment EBIT			
Australia Retail	41,031	41,157	(126)
New Zealand Retail	12,586	12,715	(129)
United Kingdom Retail	(2,621)	(2,419)	(202)
United States Retail	(9,180)	(8,897)	(283)
Wholesale and Direct	15,541	15,541	0
Unallocated and other	<u>(21,967)</u>	<u>(19,150)</u>	<u>(2,817)</u>
EBIT	<u>35,390</u>	<u>38,947</u>	<u>(3,557)</u>
FY07 – Segment EBIT			
Australia Retail	35,349	35,513	(164)
New Zealand Retail	12,500	12,686	(186)
United Kingdom Retail	1,063	1,243	(180)
United States Retail	(1,519)	(1,533)	14
Wholesale and Direct	14,048	14,048	0
Unallocated and other	<u>(20,732)</u>	<u>(15,950)</u>	<u>(4,782)</u>
EBIT	<u>40,709</u>	<u>46,007</u>	<u>(5,298)</u>



