

MAJOR ACHIEVEMENTS IN 2010

- Net profit after tax up 76% to \$25.5m
- Total dividend for the year up 27% to 9.50 cents per share
- Improved EBIT (earnings before interest and tax) margins across all retail markets
- Launch of our new brand Charlie & Me
- Entered 4 new wholesale markets, taking total wholesale markets to 20
- The Company is well positioned to take advantage of growth opportunities across all of our markets



FINANCIAL HIGHLIGHTS



	2010 NZ \$000	2009 NZ \$000	Change
Trading Results			
Group operating revenue	381,994	428,609	(10.9%)
Earnings before interest & tax	40,117	26,736	50.0%
Net profit after tax (before non-recurring items)	25,502	14,522	75.6%
Financial Position at Year End			
Total equity	80,867	88,678	
Total assets	178,589	188,189	
Capital expenditure	13,379	11,796	
Number of Stores			
Australia	119	111	
New Zealand	49	51	
United Kingdom	39	36	
United States	20	20	
Total	227	218	

CHAIRMAN'S LETTER

DEAR SHAREHOLDERS

The 2010 financial year proved to be challenging with continued uncertainty in global economic markets creating difficult general retail environments for all of our trading entities. Despite these challenging conditions the Company generated a very significant improvement in earnings and continued to grow the Pumpkin Patch brand in its 22 markets. The result reflects the strength of the Pumpkin Patch brand and the quality of the teams we have around the world.

The various initiatives we have undertaken over the last two years, particularly the rationalisation of our US business, prepared us well for the current conditions. We have paid particular attention to balance sheet management over this last year, both debt and inventory levels are prudently low and we are well positioned to take advantage of growth opportunities that are available to us as a gradual recovery in trading conditions is looking to be possible over the next couple of years.

One item of particular note in the past year has been the launch of our new brand Charlie & Me. This new brand will allow the Company to target the very large 'everyday wear' segment of the market which makes up over 75% of global childrenswear sales. Charlie & Me affords us the opportunity to leverage the infrastructure and capabilities we already have across the business and enter a part of the market that the Pumpkin Patch brand does not directly target. Given that the first store has only recently opened we cannot yet comment on performance. However it is important to note that demonstrating success in this segment will have very positive implications for Pumpkin Patch and its growth aspirations. Charlie & Me has significant potential in our existing markets and perhaps even more so in markets where we are not yet represented.

Although it is easy to get distracted by the current economic environment the Board continues to take a long term view and develop and execute strategies that look to the future. In the coming year we expect to open at least 22 new stores, we will develop the Charlie & Me brand, and we will enter a number of new wholesale markets; all of which is an investment in the future of the Company that will generate long term benefits for shareholders.



The Annual Shareholders Meeting is to be held in Auckland at the Ellerslie Convention Centre on Tuesday 23 November 2010 at 1pm. The meeting will be a good opportunity for all shareholders to meet our new Independent Director Brent Impey, hear about the opportunities the Company is exploring and to receive an update on how we are trading in the current financial year.

On behalf of the shareholders and the Board of Directors I would like to thank Maurice and his dedicated team for delivering such an outstanding result in very tough conditions and for continuing to develop opportunities to position Pumpkin Patch for growth in the future.

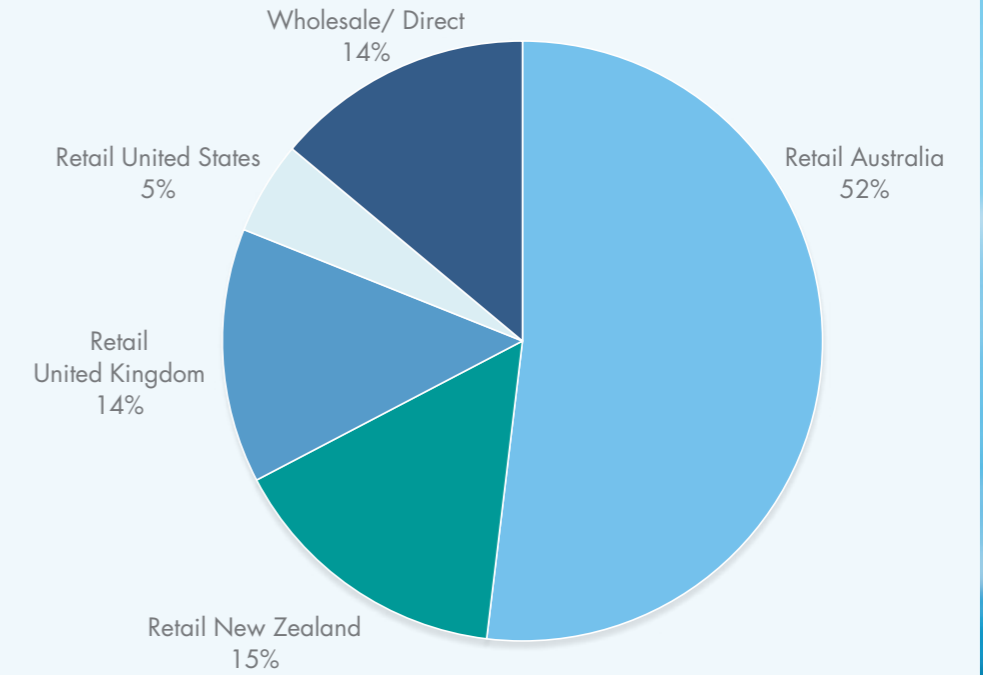
GREG MUIR - CHAIRMAN



GREG MUIR



SALES COMPOSITION



STORE NUMBERS

