



## **NEWS RELEASE FOR IMMEDIATE RELEASE**

### **Pumpkin Patch delivers strong result despite challenging times**

Pumpkin Patch has today announced its unaudited result for the six months ended 31 January 2009.

In the face of challenging trading conditions across all of its markets the Company delivered a strong six month result and significantly strengthened its balance sheet by reducing debt by 60%.

Maurice Prendergast, Chief Executive Office, stated "The major highlight for me has been the way in which we have strengthened our Balance Sheet by reducing inventory levels and repaying close to \$50m of debt. This really does position us much better to deal with the challenges that probably lay ahead".

The strength of the Pumpkin Patch brand was seen in the strong sales and earnings performances from the Australian and New Zealand markets. "Despite the challenging retail environment across Australasia we were only slightly down on last year which has to be considered a great result given what has been happening in the market. We are the leading speciality childrenswear offer in Australasia and we intend building on that position in these volatile times".

Another highlight from the result was the strong performance of the Wholesale and Direct business which grew sales 19% and earnings 29%. Prendergast commented "This result reflects the effort we have directed at developing and nurturing our relationships with wholesale customers globally."

The United States market continued to impact earnings of the Company. Prendergast said "The extremely volatile conditions up there lead to a disappointing result for the United States business. Excluding the United States our total Group EBIT was up 9.5% on last year".

When asked about the next six month period Prendergast said "There appears to be no sign of improvement in the near term in any of the markets we operate. However due to the hard work we have put in to reducing debt, working closely with our business partners, and taking costs out of the business I am comfortable that we are well placed to meet the challenges of an increasingly volatile global market".

## Key themes from the result announced today

- Bank debt down 60% to \$32.4m. Debt facilities in place until December 2010.
- Inventory management strategies drive \$15.0m reduction in stock holdings.
- Operating revenue \$211.2m, up 3.0%.
- Net profit after tax \$9.5m (1H08: \$10.2m).
- EBIT excluding the United States up 9.5%
- Strong sales and EBIT performances from Australia and New Zealand despite the challenging retail environment.
- Continued sales and earnings growth from Wholesale and Direct.
- Total store numbers are now 235 (Australia 110, New Zealand 54, United Kingdom 36, United States 35).

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