

PUMPKIN PATCH FULL YEAR RESULT

JULY 2009





FY09 – Major achievements

- Bank debt down 77% or \$63m to \$18m
- Bank facilities in place until December 2011
- Inventory down \$42m to \$80m
- Implementation of United States reorganisation plan
- Net profit after tax excluding all US stores and non-recurring items up 7.8% to \$25.1m
- Overheads realigned to match current environment
- Company is well positioned for when trading conditions improve and to take advantage of market opportunities

Financial Highlights

Statement of Financial Performance

(Excluding trading result from 15 closed US stores and all non-recurring items)

	July 2009 (12 months)	July 2008 (12 months)	%
Operating Revenue	412,348	399,466	3.2%
EBITDA	47,275 11.5%	54,363 13.6%	(13.0%)
EBIT	32,218 7.8%	38,823 9.7%	(17.0%)
Net Interest	4,835 1.2%	7,529 1.9%	(35.8%)
Net Profit After Tax	18,549 4.5%	19,353 4.8%	(4.2%)

NPAT excluding all 35 US stores and all non-recurring items was \$25.1m up 7.8%



Financial Highlights

Statement of Financial Performance

(Including discontinued activities and non-recurring items)

	July 2009 (12 months)	July 2008 (12 months)	%
Operating Revenue	428,609	410,164	4.5%
EBIT (excluding non-recurring items)	26,728 6.2%	35,390 8.6%	(24.5%)
Net Interest	4,835 1.1%	7,529 1.8%	(35.8%)
Net Profit After Tax (before non-recurring items)	14,706 3.4%	17,079 4.2%	(13.9%)
Non – recurring items (after tax)	(41,445)	-	
Net Profit After Tax (after non-recurring items)	(26,739) (6.2%)	17,079 4.2%	





FY09 - Non-recurring items

United States reorganisation

• Non- cash costs	\$35.1m
• Cash costs	<u>\$4.8m</u>
	<u>\$39.9m</u>

IAS36 – Impairment of Assets:

• United Kingdom - Impairment of assets at 10 stores	\$6.4m
• Stand alone Urban Angel store assets	\$0.2m

Total non-recurring items - before tax	\$46.5m
- after tax	\$41.4m

Financial Highlights

Statement of Financial Position

	Jul 2009	Jul 2008	Change
Inventory	80,210	121,761	(41,551)
Other current assets	23,682	26,640	(2,958)
Non-current assets	71,733	104,546	(32,813)
Total assets	175,625	252,947	(77,322)
Net bank debt (1)	18,436	81,337	(62,901)
Other current liabilities	48,617	54,070	(5,453)
Non-current liabilities	19,894	20,810	(916)
Total liabilities	86,947	156,217	(69,270)
Net assets	88,678	96,730	(8,052)

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





Financial Highlights Statement of Cashflows

	Jul 2009 (12 months)	Jul 2008 (12 months)	Change
Net cash flow from operating activities	60,577	5,039	55,538
Net cash flow from investing activities	(11,796)	(35,906)	24,110
Net cash flow from financing activities	14,120	(13,279)	27,399
Net cash flow for period	62,901	(44,146)	107,047
Net bank debt at period end ⁽¹⁾	(18,436)	(81,337)	

(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 – FY09



Australia

Pumpkin Patch
Outlets
Urban Angel

July 09 Total Stores Open	1H09 Store Openings	2H09 Store Openings	FY09 Total Store Openings	FY08 Total Store Openings
99	3	1	4	5
12	0	1	1	0
0	0	-1	-1	0
111	3	1	4	5

New Zealand

Pumpkin Patch
Outlets
Urban Angel

33	1	0	1	0
12	1	0	1	3
6	0	-3	-3	-1
51	2	-3	-1	2

United Kingdom

Pumpkin Patch
Outlets

33	1	0	1	4
3	0	0	0	1
36	1	0	1	5

United States

Pumpkin Patch

20	1	-15	-14	16
218	7	-17	-10	28

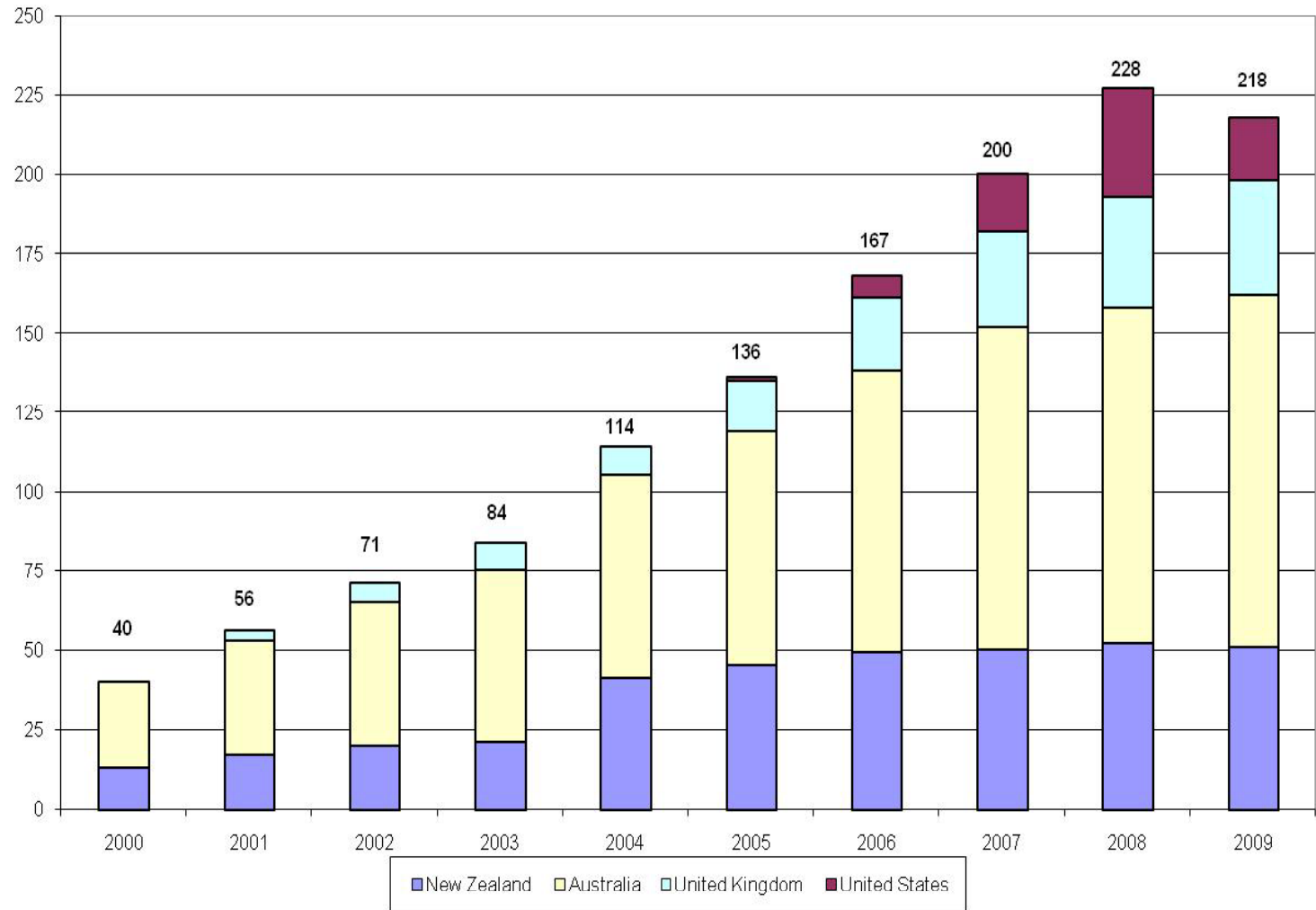
Add back Urban Angel store mergers in period
Add back United States stores closed in period

	0	4	4	1
	0	15	15	0

Stores opened in period

	7	2	9	29
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Store Numbers – July 2009





Divisional Results

Australia Retail

	Jul 2009 (12 months)	Jul 2008 (12 months)	
Turnover AUD	166,398	163,401	1.8%
Turnover NZD	203,426	198,452	2.5%
EBIT NZD	38,469	41,031	(6.2%)
	18.9%	20.7%	
Stores:			
Pumpkin Patch	99	95	
Outlet	12	11	
Urban Angel	<u>-</u>	<u>1</u>	
	111	107	





New Zealand Retail

	Jul 2009 (12 months)	Jul 2008 (12 months)	
Turnover	64,357	65,633	(1.9%)
EBIT (1)	11,125	12,586	(11.6%)
	17.3%	19.2%	
Stores:			
Pumpkin Patch	33	32	
Outlet	12	11	
Urban Angel	<u>6</u>	<u>9</u>	
	51	52	

(1) Operating EBIT before impairment costs



Wholesale and Direct

	Jul 2009 (12 months)	Jul 2008 (12 months)	
Turnover NZD	62,540	59,380	5.3%
EBIT NZD	16,583 26.5%	15,541 26.2%	6.7%



United Kingdom Retail

	Jul 2009 (12 months)	Jul 2008 (12 months)	
Turnover GBP	22,520	22,654	(0.6%)
Turnover NZD	59,200	59,369	(0.3%)
EBIT NZD (1)	(4,962)	(2,621)	
Stores:			
Pumpkin Patch	33	33	
Outlet	<u>3</u>	<u>2</u>	
	36	35	

(1) Operating EBIT before impairment costs



United States Retail

(Continued and discontinued stores)

	Jul 2009 (12 months)	Jul 2008 (12 months)	
Turnover USD	23,194	20,898	11.0%
Turnover NZD	39,086	27,310	43.1%
EBIT NZD ⁽¹⁾	(14,779)	(9,180)	
Stores:	20	34	

(1) Operating EBIT before reorganisation costs



United States - reorganisation

- Reorganised network of 20 stores
 - 15 stores have been closed
 - Remaining stores primarily on the West Coast
 - Renegotiating leases to rent levels that better reflect current market rates
 - Overheads recalibrated to match smaller network
 - Establishes stronger base on which to develop United States strategies in the long term
- Improvement in earnings and cash flow impact in FY10
 - Impact of the lower lease costs on remaining stores and elimination of losses from the 15 closed stores



United States - reorganisation –(cont)

- Total reorganisation costs of \$39.9m (before tax)
 - Non-cash costs of \$35.1m (impairment of store fixed assets, inventory valuation adjustments)
 - Cash costs of \$4.8m (employee entitlements, legal and professional fees etc)
 - Fully recognised in the FY09 result
- Utilising Chapter 11 legal process
 - United States subsidiary company using Chapter 11 protections
 - No operational or financial impact on other Group companies
 - Expect process to be completed in early 2010

Outlook 2010

- General

- Trading levels in most markets to remain unpredictable
- Due to initiatives undertaken in FY09 the Company is well positioned to take advantage of improved trading when it comes

- Australia

- Trading conditions will remain subdued
- Continue promotional drive to grow market share and strengthen market leading position
- Assess new store opportunities that are arising



Outlook 2010 - cont

- New Zealand
 - Current trading conditions to continue in the near term
 - Focus on growing market share and reinforcing the strength of the Pumpkin Patch brand
- Wholesale and Direct
 - Expecting softer orders as wholesale partners deal with challenging retail markets
 - Impact of lower sales lessened by lower average exchange rates
 - Continue research into other markets in Europe and Asia
 - Development of internet channel will continue including a new website.





Outlook 2010 – cont

- United Kingdom
 - Difficult economic conditions to continue; trading to remain volatile
 - Supply chain improvements allowing better flow of inventory in the market
 - Soft leasing environment leading to lower rental costs
 - Focus on strategies for poorer performing stores
 - Current environment creating possible new store opportunities
- United States
 - Conditions to remain very unpredictable
 - Improved financial result from the smaller store network
 - Complete legal aspects of reorganisation in early 2010



Outlook 2010 – cont

- Bank debt
 - Expecting to remain around current levels
 - 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 4.50 cps (Final FY08 3.50cps)

- Total dividend for FY09 of 7.50cps (FY08: 7.50cps)
- Fully imputed for New Zealand residents
- Fully franked for Australian residents
- Supplementary dividend to be paid to non-residents
- Payment date 22rd October/ record date 8th October

Foreign Currency

Current hedging position

		FY10 (remainder)	FY11	FY12
Exports				
NZD/ AUD	% covered	73%	51%	39%
	Effective cover rate	\$0.8112	\$0.8045	\$0.7982
NZD/ USD	% covered	42%	34%	0%
	Effective cover rate	\$0.5062	\$0.4941	-
NZD/ GBP	% covered	34%	0%	0%
	Effective cover rate	\$0.3417	-	-
Imports				
USD/ AUD	% covered	87%	83%	38%
	Effective cover rate	\$0.7932	\$0.7410	\$0.7040
USD/ NZD	% covered	88%	80%	45%
	Effective cover rate	\$0.6595	\$0.5859	\$0.5553
USD/ GBP	% covered	86%	52%	0%
	Effective cover rate	\$1.9361	\$1.8845	-

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



