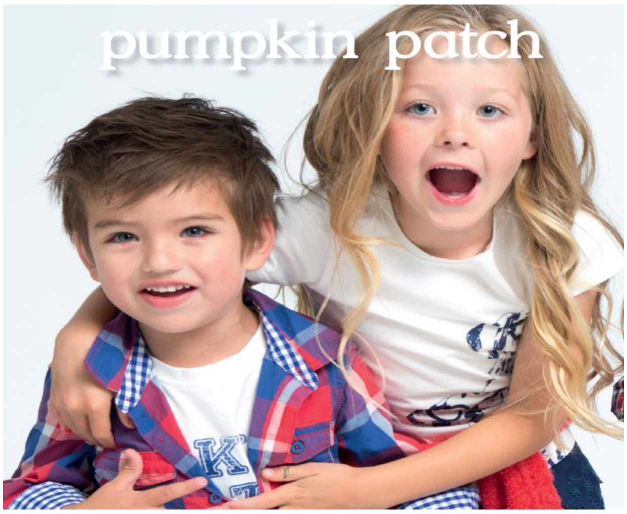
NEWS RELEASE - FOR IMMEDIATE RELEASE



Pumpkin Patch Limited
Unaudited results for the 6 Months Ended 31 January 2015
Headline Financial Numbers

	Jan-15 ($'000) 6 months	Jan-14 ($'000) 6 months	Change %
Operating revenue (continuing operations) [(1)]	121,857	119,265	2.2%
Net profit after tax (before reorganisation costs) [(2)]	1,492	1,348	10.7%
Reorganisation costs (after tax) [(2)]	(743)	(1,298)	-42.8%
Net profit after tax (continuing operations)	749	50	1398.0%
Profit from discontinued operations (after tax)	-	56	-100.0%
Net profit after tax	749	106	606.6%
Net bank debt [(2)]	52,670	53,188	-1.0%
Inventory	70,460	69,752	1.0%
Shareholders' equity	47,249	55,180	-14.4%
Cash flows from operating activities	14,807	(134)	11150.0%
Cash flows from investing activities	(2,554)	(4,733)	46.0%

(1) Operating revenue for HY14 has been restated to ensure consistency with HY15
(2) This is a non-GAAP measure. A reconciliation to NZX Appendix 1 is attached

Pumpkin Patch Limited
Half Year Result and Market Update

Specialty childrenswear company, Pumpkin Patch, today released its unaudited result for the six months ended 31 January 2015 and provided an update on the Company's transformation programme, the Board's review of capital initiatives and an outlook for the financial year.

Half Year Result

Total revenue for the six months to 31 January 2015 from continuing operations was $121.9 million compared to $119.3 million for the comparable period last year, up 2.2%. Excluding reorganisation costs, net profit after tax for the six months was $1.5 million compared to $1.3 million last year, up 10.7%. After reorganisation costs, net profit after tax was $0.7 million for the half compared to $0.1 million last year.

Commenting on the result, Chief Executive Di Humphries said "The competitive environment remains intense but the Company achieved solid same store sales growth of 5.7% in Australia and 1.8% in New Zealand. In addition, traffic on our websites increased by 10.3%. The frequency of customer purchases across both our retail and online channels also increased significantly. These are all positive signs. Partially offsetting this however, trading conditions in our international business have been more difficult leading to a modest decline in sales of 1.2%."

"We have strengthened our connection and interaction with our customers both in New Zealand and Australia, and as a consequence of this and refinement of our product range our customers are re-engaging in a very positive and sustainable way" Ms Humphries said.

Ms. Humphries explained further that "It takes time to change customer behaviour and perceptions but in the last six months a number of our marketing initiatives have been more targeted and personalised thereby becoming more relevant to the customer. While it is still early days in terms of the implementation of our new customer contact strategy, results to date demonstrate the business is heading in the right direction".

"Management of working capital has also been an area of intense focus resulting in improved inventory mix, solid progress towards improved stock turn and stronger cash flows" Ms Humphries said.

Cash flow from operating activities was $14.8 million in the half, well ahead of last year.

Chairman, Mr Peter Schuyt said "There are clear signs that underlying business performance is improving. Given competitive intensity in the trading environment and currency headwinds being encountered at the present time, the overall first half result is a satisfactory one".

Transformation Programme

The company reported that the transformation programme was continuing to gain momentum. Progress was being made in 'right-sizing' the retail network, predominantly in Australia, with 9 stores announced for closure in the second half of FY15.

Key transformation projects also include redesign of the supply chain where good progress is being made in reducing design and product costs and improving inventory management resulting in reduced lead times to market.

Implementation of an integrated customer contact strategy leveraging the Company's highly developed customer database, development of on-line functionality and other key projects are also progressing well.

Mr Schuyt commented "the delivery of the transformation programme is paramount to establishing a more profitable and agile business model for Pumpkin Patch. Collectively, the Board believe the programme has identified the right initiatives to improve the future of the business and progress to date in respect of transformation has been positive. The Board has also established a Sub-committee to over-see the transformation program and KPMG have been engaged to provide support and quality assurance on transformation projects".

Capital Initiatives

At the last Annual Meeting the company advised the market that it was undertaking a capital review. Since that time certain third parties have proactively indicated their interest in Pumpkin Patch.

The Board believes it is in the Company's interests to seek formal proposals in respect of either an acquisition of the Company or in respect of recapitalisation.

Goldman Sachs has been engaged to advise the Company. The Board has established a Sub-committee of independent Directors to evaluate proposals.

Further announcements to the market will be made if any proposal received represents a realistic option for the Company.

Outlook for FY15

Market conditions are expected to remain challenging, currency headwinds are likely to intensify in the short term at least and therefore the financial risks communicated at the last Annual Meeting remain.

Whilst the Company is benefiting from the transformation programme it is the Directors expectation that, subject to any significant change in trading conditions, the overall trading result for the financial year to 31 July 2015 will be similar to last year with normalised EBITDA (before transformation costs) in the order of $14.0 million.

Peter Schuyt
Chairperson

Di Humphries
CEO

Pumpkin Patch Limited
20 March 2015

ENDS

For further information please contact:

- Media: Trish Sherson (Sherson Willis)
  +64 21 570 803 or trish@shersonwillis.com
- Analysts/investors: Steve Mackay (Chief Financial Officer)
  +64 9 274 7088

Overview of the HY15 Financial Result

Notes:
- All references to dollars are NZ Dollars unless otherwise stated
- This document should be read in conjunction with the Appendix 1 document filed with the NZX

Pumpkin Patch Limited has today announced its unaudited result for the 6 months ended 31 January 2015.

Trading Result

Group revenue for the half year was $121.9m, up 2.2 % on the same period last year. Group after tax earnings, excluding reorganisation costs, were $1.5m[1] (HY14: $1.3m). After reorganisation costs, the net profit after tax was $0.7m (HY14: $0.1m).

Reorganisation Costs

Reorganisation costs of $1.1m were recognised for the half year (HY14: $1.8m) relating to the business transformation program currently being undertaken, and includes $0.3m of employee related reorganisation costs.

Balance Sheet

Shareholders' equity at the half year amounted to $47.2m an improvement of $5.0m from the July 2014 financial year end. The lift in equity related to mark to market gains on foreign exchange contracts and an improved trading result.

Cash Flows

Cash flows from operating activities for the half year were $14.8m representing an improvement on the same period last year by $14.9m. After deducting cash flows consumed in investing activities, $13.0m of bank debt was repaid in the half year compared with bank debt increasing by $3.0m in the same period last year.

Net bank debt at the half year totalled $52.7m compared with the opening debt from the July 2014 financial year end of $64.9m. Net bank debt at the half year last year amounted to $53.2m.

Dividend

The Company has not declared an interim dividend as reduction of bank debt remains a priority.

The HY15 financial result reflects what has proved to be very challenging business conditions. However, there are clear signs that the underlying trading of the business is on the improve with reasonable comparable growth in sales, improved gross profit, the costs of doing business are being permanently lowered and the business has delivered strong cash flows in the first half. In addition, the transformation programme, which the Company commenced in the last financial year, has continued to gain momentum.

[1]This is a non-GAAP measure. A reconciliation to NZX Appendix 1 is attached

Ending the half year with a net profit after tax of $0.7m, (which is not materially dissimilar to last year), can be considered satisfactory given the magnitude of the unfavourable exchange rate movements encountered in the HY15.

To put context around the unfavourable exchange rate movements, the NZD has strengthened against the AUD relative to the same period last year resulting in Australian sales and earnings this half year having a substantially lower value when translated to and reported in New Zealand dollars.

The unfavourable movements in the foreign currency have imposed a $7.6m negative impediment on the business in the HY15 relative to the same period last year. Therefore, to deliver a result similar to last year, perhaps highlights the true extent of the improvement in the underlying trading of the business relative to last year.

Highlights from the HY15 Financial Result

Reasonable Comparable Growth

In the HY15, the Company achieved nominal sales growth of $2.6m or 2.2%.

The reported sales growth to last year in the largest market of the business, Australia, was 3.1%. However, on a comparable store basis, the growth to last year was stronger in Australia at 5.7% and the online channel delivered sales growth of 10.7%. New Zealand also reported reasonable sales growth of 2.3% and on a comparable store basis the growth was 1.8%. New Zealand online sales had growth of 9.8%. Partially offsetting these gains, there was a small decline in sales of 1.2% from the international markets due to challenging conditions.

Improved Gross Profit

The gross profit reported for the HY15 was an improvement of $2.8m or 4.5% from the same period last year. Gross profit has improved at a rate faster than the growth in sales due to lower product, design and supply chain costs.

A significant impact on the reported gross profit was, however, the unfavourable movements in foreign currency. On a constant currency basis, the gross profit was actually $3.4m higher than that currently reported.

The Costs of Doing Business are being Permanently Lowered

In addition to the lower design and supply chain costs above, selling expenses at the HY15 are $2.7m or 4.7% below last year, although circa $0.9m of this reduction is exchange rate related.

The year on year increase in finance expenses of $0.5m relates to earlier receipt of summer product this year compared with last year, which increased average bank borrowings in the HY15 and the resulting interest charges.

While it appears administrative expenses have increased in the current year by $4.2m, included in this total are reorganisation costs, foreign exchange gains for the difference between spot rates and realised contract rates and the write-off of capitalised IT wages and salaries.

Adjusting for the above, then on a like for like basis, administrative expenses have actually reduced by $1.1m or 13.2%

Strong Cash Flows

Net bank debt at the HY15 totalled $52.7m compared with the opening debt from the July 2014 financial year end of $64.9m. Net bank debt at the HY14 amounted to $53.2m.

Operating cash flows for the half year amounted to $14.8m, an improvement on the same period last year by $14.9m. The main driver of the lift in operating cash flows was improved working capital management.

The cash outflow from investing activities for the half year amounted to $2.6m which was $2.2m lower than the outflow for the same period last year as all non-critical capital expenditure was minimised in the HY15.

Pumpkin Patch Limited
20 March 2015

Reconciliation to NZX Appendix 1

	Jan-15 ($'000) 6 months	Jan-14 ($'000) 6 months
Net profit after tax (before reorganisation costs)	1,492	1,348
Reorganisation costs included within results from continuing operations	(1,054)	(1,842)
Reorganisation costs included within results from discontinuing operations	-	80
	(1,054)	(1,762)
Tax effect of reorganisation costs	311	520
Reorganisation costs (after tax)	(743)	(1,242)
Net profit (loss) after tax	749	106

Net bank debt	Jan-15 ($'000) 6 months	Jan-14 ($'000) 6 months
Interest bearing liabilities:		
Current liabilities	25,000	25,000
Non-current liabilities	28,000	30,000
	53,000	55,000
Less Cash and cash equivalents	(330)	(1,812)
Net bank debt	52,670	53,188