

Fisher & Paykel
appliances



*Fisher & Paykel
Appliances
Holdings Limited*



2002



ANNUAL REPORT



Highlights

- Launch of Fisher & Paykel Appliances Holdings Limited, following separation from Fisher & Paykel Industries Limited (now Fisher & Paykel Healthcare Corporation Limited).
- Profit before abnormal items and after taxation, of \$27.3 million, for the inaugural trading period 12 November 2001 to March 31, 2002.
- New Zealand maintains premium market share position.
- Australian sales exceed 500,000 appliances annually.
- Achievement of 94,000 unit sales in USA with a restricted product range.
- UK brand presence enhanced through acceptance by leading department stores.
- European and Japanese market distribution OEM agreements reached.
- Singapore sales top SGD 10 million annually for the first time.



Key Figures

	12 November to 31 March 2002 \$000's	Unaudited Pro forma 12 Months to 31 March 2002 \$000's	Unaudited Pro forma 12 Months to 31 March 2001 \$000's (Note below)
Total Revenue	339,861	803,459	730,738
International Revenue	240,772	554,590	488,388
Profit Before Tax and Abnormal Items	40,478	62,108	40,676
Profit after Taxation			
Excluding abnormals	27,336	41,499	5,476
Including abnormals	1,145	15,308	(1,680)
Total Shareholders Equity	549,517	549,517	N/A
Earnings per share based on shares on issue as at 31 March 2002	0.42		

Note: Excludes discontinued businesses.



It is with great sadness that we acknowledge the death on 19 June 2002 of **Mr Maurice Paykel** – one of the co-founders and Founder President of our company. He along with the late Sir Woolf Fisher provided the wisdom and counsel that established and built the company. Mr Paykel served on the Board of Directors of Fisher & Paykel Industries Limited until November 2001.



Contents

2	● Executive Chairman's Review
5	● Appliances Company Managing Director's Review
13	● Finance Company General Manager's Review
15	● Directors
16	● Report from the Directors
18	● Corporate Governance
19	● Auditor's Report
20	● Financial Statements incorporating the initial trading period 12 November 2001 to 31 March 2002
47	● Unaudited Pro forma Financial Information for the Year Ending 31 March 2002
52	● Group Structure
53	● Shareholder Information
55	● Disclosure of Interest by Directors
56	● Executive and Directory

Executive Chairman's Review

Fisher & Paykel Appliances Holdings Limited started trading as a new company effective 12 November 2001. I am pleased to report, on behalf of the Board of Directors, on the results and progress of the company.

In November 2001 the Appliances and Finance businesses were acquired at valuation for \$309 million. This was \$27.5 million below the book value. After a review by the directors, based on forecast returns, asset values have been reduced accordingly by:

	\$000's
Fixed Assets	38,877
Current Assets	3,048
Provisions	653
	42,578
Less Deferred Tax	15,036
Net Fair Value Adjustment	27,542

The reduction in value of fixed assets lowered the amount of depreciation charged in the period ended 31 March 2002, by \$4.1 million. For the ensuing financial year depreciation charges will be lower by \$9.6 million. Thereafter the impact diminishes progressively.

This will significantly improve the underlying reported profitability of the Appliances business but will not affect the cash flows generated from operations.

The financial statements contained in this report outline the result for the company's initial trading period, 12 November 2001 to 31 March 2002. In addition to this, the results of the Appliances and Finance businesses for a full year have been given. These are referred to as "unaudited pro forma" results. All comparative financial data for the year ended 31 March 2001 excludes discontinued businesses.



	12 November to 31 March 2002 \$000's	Unaudited Pro forma 12 Months to 31 March 2002 \$000's	Unaudited Pro forma 12 Months to 31 March 2001 \$000's
Operating Revenue			
Appliances	324,818	762,715	692,666
Finance	14,851	40,070	37,313
Interest and dividends	192	674	759
Total Revenue	339,861	803,459	730,738
Profit Before Tax and Abnormal Items	40,478	62,108	40,676
Abnormal Items	(36,019)	(36,019)	(10,191)
Foreign Currency Profit (Loss)		3530	(32,608)
Profit (Loss) Before Tax	4,459	29,619	(2,123)
Profit After Tax	1,145	15,308	(1,680)



The results for the post separation and pro forma 12-month periods show profits after tax of \$1.1 million and \$15.3 million respectively.

Abnormal costs of \$36.0 million (\$26.2 million after tax), were incurred to separate the Appliances and Finance businesses from Fisher & Paykel Industries Limited. These are included in the results and are within the \$25-\$30 million after tax cost estimate included in the Information Memorandum prepared for shareholders of Fisher & Paykel Industries Limited when the separation was approved.

The result as reported does not include any income from our investment in Fisher & Paykel Healthcare Corporation Limited as there has been no dividend declared within the trading period. A dividend from Fisher & Paykel Healthcare Corporation Limited of 25 cents per share, was subsequently declared on 31 May 2002. This was fully imputed.

The favourable result was driven by the strong Appliances performance. With the separation process behind us, the growth of our Appliances business will come through the consolidation of our New Zealand activities, targeted growth in Australia, and expansion of offshore opportunities. Our Finance business will continue to develop products and services to sustain its competitive position within New Zealand.

Our Appliances business is entering an exciting phase offshore, with significant market developments in the USA, United Kingdom, and Europe. However, we cannot afford to lessen the strong position we have established in our Australian and New Zealand home market.

This means continued investment in development of world leading appliance technologies that will provide "high end" appliance buyers throughout the world with either

Executive Chairman's Review continued



our own branded products or those of our OEM (Original Equipment Manufacturing) partners.

The group deals in a number of foreign currencies through its importing and exporting activities. The groups' policy is to monitor current and anticipated future foreign currency trading cash flows to determine net exposures. Advice is taken on likely foreign currency rate trends. Current and anticipated net foreign currency exposures are hedged with options and forward exchange contracts in line with Board policy.

Since November 2001 the company has been listed on the New Zealand (NZSE) and the Australian (ASX) stock exchanges. From 30 June 2002, the company expects to have completed its conversion from being a "foreign exempt listing" to "general admission" to the official list of the ASX. As a condition of full listing, the company is required to amend its constitution to be consistent with the rules of the ASX. A special resolution amending the constitution for this purpose is contained in the Notice of Annual Shareholders Meeting.

The Directors of the company have quickly and keenly familiarised themselves with the business. They are conscious of the faith that you, as shareholders, have placed in them and will endeavour to ensure that your investment is justified. I am delighted with the way they are working together and believe that the mix of talent that has been assembled is ideally placed to guide the company.

From the Board's perspective I can report that the new executive has settled to their tasks and have been performing extremely well. The daily operation of the business is in good hands. There is strong evidence of a desire to maintain the balance between short-term results and longer-term growth so necessary for the business.

The excellent performance of our people and products in the initial trading period of the company, gives the Board confidence for the future.

Gary Paykel
Executive Chairman





Appliances Company Managing Director's Review

	12 November to 31 March 2002 \$000's	Unaudited Pro forma 12 Months to 31 March 2002 \$000's	Unaudited Pro forma 12 Months to 31 March 2001 \$000's
Revenue			
New Zealand	84,046	208,125	204,278
Australia	162,308	368,592	356,380
USA	59,213	134,987	83,294
Singapore	6,107	14,250	12,672
UK	4,187	11,262	2,320
Rest of World	8,957	25,499	33,722
Total Appliances Revenue	324,818	762,715	692,666
Operating Profit Before Interest, Taxation and Abnormal Items	41,338	63,580	44,021
Assets Employed	485,676	485,676	536,395
Earnings to Sales Margin	12.7%	8.3%	6.3%

When the Directors of Fisher & Paykel Industries Ltd decided to restructure the company to focus on three stand alone businesses, (Healthcare, Appliances and Finance), Appliances established a key goal to be met within three years, namely:- An earnings to sales margin (operating profit before interest, taxation and abnormal items divided by total revenue) of 7.5 per cent. It is gratifying to report that this goal has been met (8.3 per cent) within just two years of setting this target.

However, pleased though we might be with this achievement, it is important to acknowledge that the foundation for this success was laid, much earlier, by the Board of Fisher & Paykel Industries Limited. It allowed substantial investment in development of products, manufacturing technologies, production capacity and markets.

In more recent times, we have committed ourselves to a growth strategy that has seen the USA being developed as an important market based on platform products such as the EcoSmart® washer and DishDrawer® dishwasher.



As we look forward, we must continue this growth strategy in the USA, as well as extending into the United Kingdom and Europe. New products we have developed for these markets include wall ovens, cooktops, and DishDrawer® with a water softener.

We expect to be able to fund from operations our planned growth in working capital together with maintaining capital expenditure. Capital investments are expected to average around \$25 million per annum over the next two years.

Our strong result was driven by our expansion into the USA market, positive cyclical economic effects (Australia and New Zealand) and an improvement in our underlying cost structure. All three factors have resulted in an improved margin.

After allowing for the fair value adjustments referred to in the Chairman's review, there was a marginal reduction in the assets employed in the Appliances business.

Sales revenue for the post separation period was \$325 million. Growth for the 12 months pro forma period, excluding discontinued operations, was up by 10 per cent to \$763 million. Most of this growth came from our expansion in the USA market.

It is appropriate here to summarise some of the key positives from the functional operations that followed the November separation and the start of trading of the new company.

New product development has been dominated during the year ended March 31 2002 by the engineering of a new family of washers, together with a new range of cookware focused specifically on USA consumer requirements. For the UK and European markets, our engineering people have also put enormous effort into the design and development of a sophisticated built-in water softener for DishDrawer®. In the UK and Europe "hard" water is common. Softening the water is necessary to achieve optimum wash performance.

Investment in product development is absolutely essential if we are to maintain the marketing edge needed to allow us to consolidate our New Zealand and Australian market positions and to grow in all of our offshore markets.

Product improvements continue to be a vital aspect of our





engineering activity as we strive to improve product performance and at the same time benefit from reductions in warranty costs. We are also improving the management of time and cost in providing new benefits from our products for consumers.

Our engineering function monitors the acceptance and performance of our products in all markets throughout the world to ensure we are not just meeting, but exceeding the expectations of our customers.

Appliance performance standards around the world are constantly changing. A significant amount of our engineering resource is required to ensure our products comply with the energy and performance standards laid down in individual countries. Standards vary from country to country. They reflect world trends in environmental care and management.

Our manufacturing operations continue to be positioned at the leading edge of appliance technology, thanks to the company's strong historical support for investment in plant and systems. Our strategy of continuous improvement is focused on the ability to lift production, at low cost, in step with increasing sales of a greater variety of products.

While extremely proud of our manufacturing plants in East Tamaki, Dunedin and Cleveland, the company continues to believe that its most valued assets are its staff, many of whom are located overseas.

Our Human Resources function has a focus on self-sustaining training systems in all operational areas so staff become highly skilled as soon as possible. This activity drives improvements in quality and productivity. It entails establishment of "job required skills", development of on-job trainers and provision of resources to encourage the learning to take place.

Learning and performance management systems are being developed for use in all our overseas operations. Distance learning techniques and modern communications enable this to be taken up by our wider audience effectively and efficiently.

In combination with the University of Auckland Business

style creates desirability, it reflects the way in which we do things; the way we design our products; the way in which we evolve in response to changing market needs and trends.





School's executive programmes we developed a comprehensive and innovative, in-house education programme. It was designed to broaden the company management's horizons and to inject more lateral thinking into problem solving.

In several functions of our business, technology enables us to operate a single data base from which to run our worldwide activities. This has introduced a strong measure of international management discipline so that we can



integrity is about building relationships with others, it reflects the manner in which we go about our business; the trust behind our reputation; the way in which we build consumer values into our products.

better utilise our resources across all market areas.

Inventory levels have been reduced by \$21.5 million in the 12 months pro forma period to 31 March 2002. This was achieved through our ability to centrally manage production so that the plants produced the right products at the right time.

The company is being managed through a strategy of simplification, centralisation and reshaping of nearly every aspect of its business.

One example of this was the recent transfer of our container yard operation to an outside company, Ports of Auckland. They have leased facilities from us, and can provide the required service incorporating economies that can be generated from growing their business overall.

The company continues to lead on environmental matters, particularly in relation to energy and water use, and our appliances have won a number of prestigious awards in this regard. The most notable of these was the "Star Award" in recognition of the company's commitment to energy efficiency across our entire range of appliances. This award is part of the Galaxy Energy Award programme run by energy authorities in Victoria and New South Wales, Australia.

Environmental responsibility extends to recycling. In our recycling centre, packaging is re-used in delivery of new products. Waste materials from manufacturing and all metals and plastics that can be recovered from "traded" appliances are recycled.

Our Production Machinery operation has developed expertise in the technology and equipment used in high



pressure pulp thermoforming. This process uses recycled cardboard and paper in packaging applications.

Our success throughout the year could not have been achieved without the full support of our suppliers. We continue, with their help, to rationalise the supply chain and we value their advice on developments that could be incorporated into our products. I would like to take this opportunity of thanking them for their contributions.

Thanks must also extend to our customers. Customer support and feedback on how they view our ability to satisfy their needs is an important part of our ongoing business. We must continue to perform in providing products and services that they find attractive.

Our staff, too, play an ever increasing part in our success. No matter where they are in the world we know that they strive to improve every aspect of our business. I thank them for their continued efforts and look forward to sharing the challenges of the future with them.

Fisher & Paykel Appliances' performance, market by market for the 12-month period was: -

New Zealand

This market makes up 27 per cent of total appliance sales. The company continued to enjoy a good market share for the period under review. We are positioned in all segments of the market.

Despite a soft new housing market through the first half, and a brief downturn following the September 11 tragedy, our New Zealand sales grew to 249,000 appliances by year's end, a slight increase on the previous financial year.



Andrew Paykel accepts the Mingays Supplier Award



Fisher & Paykel stand at the Kitchen & Bathroom Institute Show 2002, Chicago, America

A pleasing aspect to this figure was the increasing ratios of high end Quantum® sales. These products offer many new benefits and features for consumers.

Curtailed consumer spending during September gave way to very strong demand as people turned their focus from overseas travel to expenditure at home and this underpinned a strong second half in appliance sales.

Dumping duties imposed on Korean manufactured washing machines and refrigerators stabilised prices but the market remained very competitive.

In February we divested the company's shareholdings in Hill & Stewart Appliances Ltd (an Auckland-based independent retail chain) in the form of a management buy out.



Care reflects how we look after all with whom we come in contact; the way in which our products go about their roles.

Australia

Australia continues as Fisher & Paykel Appliances' strongest individual market, where we are positioned at the high end of the mass market. The market accounted for 48 per cent of the company's total appliance sales for the year under review. Australian first half sales were slightly down. Second half performance was excellent, bringing up the important sales milestone of 512,000 units for the year, including the company's best ever sales of Quantum® products in Australia. This latter point reflects great credit to our Australian team.

Along the way to achieving record sales for the year under review, our Australian team earned a number of industry awards which, while not quantifiable in terms of sales, are invaluable with regard to brand recognition and staff morale. These milestones included Supplier of the Year Awards, for our category, from three major retail groups – NARTA, Harvey Norman and Retravision. Our products earned Mingays Retail Awards for Best Dishwasher, Best Refrigerator, Best Laundry, Most Innovative Product (Intuitive Washer), as well as Best Media (TV campaign). Mingays is a long established and highly regarded Australian retail trade magazine.

Fisher & Paykel products also won three Government agency energy 'Galaxy' awards for environmental excellence and for most innovative product in relation to energy use.

USA

Fisher & Paykel USA achieved sales of 94,000 products during the year under review. Sales revenue increased by 62 per cent (53 per cent in \$US terms) over the previous financial year due largely to an 83 per cent increase in EcoSmart® washing machine volumes and a 47 per cent increase of DishDrawer® volumes. The USA business is now contributing profitably to the overall result.

Our USA company's retail base was extended by 500 retail store outlets to total nearly 1900 by year's end. Our market positioning in this country is at the high end, where



Fisher & Paykel stand at the Hometech Homeshow, Berlin, 2002.



customers are prepared to pay more for the style and innovation offered by our product lines.

Brand awareness in the USA continued to grow on the back of trade shows, trade advertising and limited but highly focused consumer advertising. The company's USA website (www.usa.fisherpaykel.com) has become an important promotional medium, drawing 15,000 enquiries a month.

The terrorist attacks of September 11 and subsequent economic slowdown impacted to temporarily restrict growth in the fourth calendar quarter, but overall growth for the year was still strong.

Introduction of the third generation DishDrawer® in May 2001 was very well received as it simplified home installation, thereby reducing costs to consumers. Introduction of a new gas cooktop enhanced the company's growing reputation for industrial design and this appliance earned an award from the prestigious Home Magazine. DishDrawer® won an Editor's Choice award from Appliance Manufacturer Magazine.

United Kingdom

The Fisher & Paykel brand has been in the UK market for just three years – firstly through a small independent distributor and, now, through our own sales company, which has increased sales to more than 7,000 units compared to 2,000 the year before.

Products initially sold in this market were cookware and refrigeration that were well accepted at trade shows. These products are now stocked by prestigious stores like Harrods, Selfridges, John Lewis, Alders, House of Fraser Department Stores in UK and Brown Thomas in Ireland. For the second consecutive year the UK consumer magazine, "Good Housekeeping," rated our refrigerators "best value" in terms of price and performance. The Active Smart® refrigerator system featured high on their list of "must haves".

innovation our heart, we are innovative in all that we do, from product development to customer care.



Singapore

Fisher & Paykel Singapore performed very strongly in the year under review, achieving record sales to break the SGD 10 million barrier, (\$NZ14.3 million) despite the local economy going through what was arguably its most difficult time. Sales were up 16 per cent in unit terms.

Asia and Rest of World

Sales in markets outside our off shore sales company operations declined for the period under review. We have rationalised by deleting some brands and now only support the Fisher & Paykel in-house brands. This is a more easily managed strategy with, generally, one distributor within each individual market.

Hong Kong and Japan experienced declines in business as very tough market conditions prevailed. Whilst sales eased on the previous year, our Active Smart® refrigerator sales held up relatively well.



Our new Japanese distributor for DishDrawer®, Harman Pro Co Ltd is an independent dishwasher manufacturer with a well-established distribution network, focused on specialist kitchen builders and specifiers throughout Japan. Harman considers DishDrawer® to have considerable potential sales to Japanese homeowners. With our long-standing chest freezer OEM business and the more recent refrigerator OEM contract, this new DishDrawer® agreement will help build a better base in Japan.

Outlook

We are confident of building on our worldwide marketing and distribution network. In New Zealand growth is expected to be largely dependent on population increase. Australia still has good steady growth potential. In this market we have good market share as a brand but there are still opportunities in specific product groups, for growth. Our strongest growth is anticipated from the United States, followed by the United Kingdom and Europe.

We have a product range that can be adapted, mainly through intelligent electronics developed in-house, in “families” of appliances for specific markets.

We look forward to some exciting developments in relation to launching products in Europe. This will be through established distributors taking Fisher & Paykel branded products into selected countries and through an OEM partnership with Whirlpool Europe for DishDrawer®.

Whilst it is important to maintain our New Zealand business and to improve our presence in Australia, offshore growth is the key to improving returns for shareholders together with long term investor security. Growth is only possible with continued investment in product development, new manufacturing systems and innovation.

John Bongard
Managing Director



Finance Company General Manager's Review



	12 November to 31 March 2002 \$000's	Pro forma 12 Months March 2002 \$000's	Pro forma 12 Months March 2001 \$000's
Revenue	14,851	40,070	37,313
Net Profit before Taxation	2,188	6,255	6,021
Assets Employed	268,863	268,863	273,822

The Finance Company again reports a strong and consistent level of pre-tax earnings.

Lower rates of interest on borrowings and a reduction in the ratio of operating costs to income combined to produce improved margins for the year. Changes to credit assessment and credit management processes are resulting in improvements in asset quality.

The finance business provides financing solutions to our Appliance retailers in New Zealand by supporting the sale of Fisher & Paykel branded appliances.

The company continued to provide specialist services to retail merchants enabling them to deliver efficient and competitive finance plans to consumers. These services improve the performance of merchants by making it easier for their customers to acquire a broader range of appliances and other durable products for the home.

Additional services include consumer protection insurance and extended warranty, both of which deliver increased value to the consumer, protecting them from the risk of financial loss and extending product warranty up to a

5 year term. Both of these add to the range and support provided to the merchants, enabling them to offer competitive services to the household consumer.

Our equipment leasing business continued to offer specialist financing to a diversified group of New Zealand businesses.

These point of sale activities reinforce the company's key competitive strengths of providing services to merchants enabling them to offer flexible and structured finance plans that meet the needs of both domestic consumers and business customers.

The company is a continuous issuer of secured retail debentures to investors in a very competitive market. Borrowing money from the public has been actively undertaken for more than 20 years, offering the opportunity for investors to share in the growth and success of our business. Over 6,000 investors, a number being shareholders in Fisher & Paykel Appliances Holdings Limited, currently have funds invested.

These funds assist the company to grow and we thank all investors for their continuing support and loyalty.

Outlook

The company will continue to invest in new innovative methods of delivering financial services to retail merchants and business customers. These initiatives will ensure that it meets the changing needs of all consumers as they seek to acquire the full range of life style appliances and other durables. Businesses will benefit from improved systems and processes for approving and delivering equipment finance, with effective leasing products

The Finance Company continues to value the key role it plays in supporting the distribution and sale of the Appliances company's products whilst at the same time delivering services to a wide variety of both retail and business merchants.

In coming months the company will go to the market with a new and unique retail consumer credit card. This will enable merchants to offer a broad range of retail installment and revolving credit plans to customers on a credit card. New technology replaces time consuming processes involved in traditional hire purchase systems – whilst continuing to provide the significant benefits of affordable payment. The investment will place our company at the forefront of retail consumer credit in the



New Zealand market, as it will be the only card able to deliver installment credit as well as revolving credit on the one card.

The finance company employs a dedicated team of retail consumer credit and business equipment finance specialists. Their commitment and support continues to be a key to our ongoing success.

Alastair Macfarlane
General Manager

Financial Statement Contents –

15	●	Directors
16	●	Report from the Directors
18	●	Corporate Governance
19	●	Auditor's Report
20	●	Financial Statements incorporating the initial trading period 12 November, 2001 to 31 March, 2002
		Statement of Financial Performance
		Statement of Financial Position
		Statement of Movement in Equity
		Statement of Cash Flows
		Statement of Accounting Policies
		Notes to the Financial Statements
47	●	Unaudited Pro forma Financial Information for the Year Ending 31 March 2002
		Unaudited Statement of Financial Performance
		Notes to Unaudited Pro forma Financial Information
		Unaudited Segment Results
		Unaudited Pro forma Five Year Financial Summary
52	●	Group Structure
53	●	Shareholder Information
55	●	Disclosure of Interest by Directors
56	●	Executive and Directory



Directors

G A (Gary) Paykel CNZM
Age 60, Executive Chairman

J W (John) Gilks FCA
Age 61, Deputy Chairman

J H (John) Bongard B Com
Age 48, Managing Director Fisher and Paykel Appliances Limited

N M T (Norman) Geary CBE, B Com, FCA, FNZIM, FCIT
Age 63, Director

W L (Lindsay) Gillanders LLB (Hons)
Aged 52, Director

P D (Peter) Lucas BE (Hons), M Com (Hons)
Age 56, Director

R G (Ralph) Waters CPEng, FIE Aust, M Bus
Age 53, Director

B M (Bridget) Wickham MA (Hons), B Com, CFA,
Age 51, Director

J J A (Julian) Williams BE
Age 65, Director

Report from the Directors

Fisher & Paykel Appliances Holdings Limited

Your Directors are pleased to submit to shareholders their first report on the newly listed Company for the year ended 31 March 2002.

Fisher & Paykel Appliances Holdings Limited acquired the Appliances and Finance businesses from Fisher & Paykel Industries Limited (now Fisher & Paykel Healthcare Corporation Limited) and began trading as a separate entity effective 12 November 2001. The financial statements for the year ended 31 March 2002 incorporate the trading results for the Appliances and Finance businesses for the period 12 November 2001 to 31 March 2002.

Additional unaudited pro forma financial information has been provided which reports the results of trading for the full 12-month period ended 31 March 2002 together with comparatives.

Principal Activities

Fisher & Paykel Appliances Holdings Limited is a New Zealand based international company which holds an interest in two principal areas of business:

- Appliance manufacturer and marketer.
- Finance Group to support this business in New Zealand.

The Company also has a 19.4% shareholding in Fisher & Paykel Healthcare Corporation Limited.

Fisher & Paykel Appliances Limited, a wholly owned subsidiary, is a leading designer and manufacturer of major household appliances in New Zealand and Australia. It is the largest supplier of major household appliances in New Zealand and the second largest supplier in Australia.

Profit (Representing Trading for the Period 12 November 2001 to 31 March 2002)

Profit, inclusive of abnormals and after taxation, was \$1.1 million.

Profit before abnormals and after taxation was \$27.3 million for the year ended 31 March 2002.

Abnormal costs of \$36.0 million (\$26.2 million after tax), were incurred to separate the Appliances and Finance businesses from Fisher & Paykel Industries Limited. This was within the \$25-\$30 million after tax cost estimate included in the Information Memorandum for shareholders of Fisher & Paykel Industries Limited.

Unaudited Pro forma Profit (Representing Trading for the Year Ended 31 March 2002)

Unaudited Pro forma profit before abnormals and after taxation was \$41.5 million (2001 \$5.5 million) for the year ended 31 March 2002.

Unaudited Pro forma profit, inclusive of abnormals and after taxation, was \$15.3 million (2001 (\$1.7 million)).

Abnormal costs of \$36.0 million (\$26.2 million after tax) were incurred to separate the Appliances and Finance businesses from Fisher & Paykel Industries limited.

Shareholders' Equity

Shareholders' equity at 31 March 2002 totalled \$549.5 million.

New Zealand Stock Exchange

The effect of all Waivers granted to the Company by the New Zealand Stock Exchange had ceased by balance date.

Dividend

The Directors have approved a final dividend of 25 cents per share for the year ended 31 March 2002 and a special dividend of 7.5 cents, giving a total dividend of 32.5 cents per share, carrying a full imputation credit. Non-resident shareholders will receive a supplementary dividend of 5.74 cents per share. The dividend will be paid on 28 June 2002.

The special dividend of 7.5 cents per share, amounting to \$4,874,830, represents the dividend received from Fisher & Paykel Healthcare Corporation Limited.

Directors

On 16 November 2001, following the completion of the shareholder approved reorganisation of Fisher & Paykel Industries Limited, Sir Colin Maiden and Messrs D B Henry, M Paykel and DD Rowlands retired as Directors of Fisher & Paykel Appliances Holdings Limited. The contribution vision and guidance that they brought to the company has created an extremely solid base on which we can grow our future. We thank them and wish them well for the future.

Report from the Directors continued

Fisher & Paykel Appliances Holdings Limited

In accordance with the Company's Constitution, Norman Geary, John Gilks and Lindsay Gillanders retire by rotation, and being eligible, offer themselves for re-election.

Disclosure of Interests by Directors

Directors' certificates to cover entries in the Interest Register in respect of remuneration, insurance, indemnities, consultancy arrangements, dealing in the company's shares and other interests have been disclosed as required by the Companies Act 1993.

Remuneration of Directors

Non-executive Directors received the following directors fees payable from 16 November 2001 for Fisher & Paykel Appliances Holdings Limited in the year ended 31 March 2002:

	\$
N M T Geary	16,667
J W Gilks	23,333
W L Gillanders	13,333
P D Lucas	15,000
G A Paykel	26,667
R G Waters	13,333
B M Wickham	16,667
J J A Williams	13,333

J H Bongard, does not receive remuneration as a Director of Fisher & Paykel Appliances Holdings Limited or any subsidiary company.

Directors acting in their capacity as employees of Fisher & Paykel Appliances Holdings Limited and subsidiaries received total remuneration, inclusive of the value of other benefits, in the year ended 31 March 2002 of:

	\$
J H Bongard	183,206
W L Gillanders	374,553
D B Henry (Retired Director)	325,570
G A Paykel	114,947
J J A Williams	286,179

In addition to the remuneration above, and following their retirement as employees on 31 December 2001, the Directors and former Directors received total remuneration, inclusive of the value of other benefits in their capacity as Consultants to Fisher & Paykel Appliances Holdings Limited

in the year ended 31 March 2002 of:

	\$
W L Gillanders	50,000
D B Henry (Retired Director)	18,750
G A Paykel	91,100
J J A Williams	26,000

Except as stated above, no employee of Fisher & Paykel Appliances Holdings Limited or its subsidiaries receives or retains any remuneration or other benefits as a Director. Remuneration inclusive of the value of other benefits received by such employees are included in the relevant bandings of Employee Remuneration received exceeding \$100,000.

Outlook

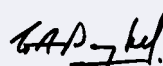
In Appliances we are confident of building on our worldwide marketing and distribution network. We have a product range that can be adapted, mainly through intelligent electronics developed in-house, in "families" of appliances for specific markets.

Our strongest growth is anticipated from the United States, followed by the United Kingdom and Europe. Australia has steady growth potential, based on the well-known 'Fisher & Paykel' brand.

Our business in New Zealand continues to be important to us. However, a key to improving returns for shareholders, together with long term investor security, is international growth. This will largely flow from continued investment in product development, new manufacturing systems, innovation and new markets.

The finance business expects to continue to produce satisfactory results.

The Directors expect a continued improvement in the operating profit, after taxation, for the current year.



GA Paykel
Executive Chairman
7 June 2002



JH Bongard
Director

Corporate Governance

Fisher & Paykel Appliances Holdings Limited

The Board of Directors is responsible for the corporate governance of the Company. The term “corporate governance” is generally understood to mean the control of the business by the Directors and the accountability of Directors to shareholders and others, for the performance of the Company and compliance by the Company with laws and standards.

This statement sets out the corporate governance policies, practices and processes followed by the Board throughout the year.

The Board

The Board is elected by the Shareholders of the Company. At each annual meeting, at least one third of the Directors (excluding the Executive Director) retire by rotation. The Directors to retire are those who wish to retire, or those who have been longest in office since last being elected. Details of the Directors are set out on page 15.

With the exception of January, Board meetings are held monthly. The Board met three times during the 2001/2002 financial year, following the acquisition of the Appliances and Finance businesses and the listing of the Company in November 2001.

The Board establishes the Company’s and its subsidiaries’ (Group’s) objectives, major strategies for achieving these objectives, the overall policy framework within which the business of the Group is conducted, and monitors management’s performance with respect to these matters. This includes the board’s approval of and monitoring performance against budgets. The Board has delegated the day-to-day management of the Group to the Executive Chairman and other Executives of the Group.

Delegations of the financial operating authorities to the Executive Chairman and other Executives of the Group are in place, along with operational and administrative policies relative to the Group’s business. The Company has in place an internal audit system for monitoring the Group’s operational policies and practices.

The Board has two formally constituted committees – the

Audit Committee and the Remuneration Committee. Specific additional committees are established on the basis of need.

Audit Committee

The Audit Committee comprises three non-executive Directors – John Gilks (Chairman), Norman Geary and Bridget Wickham.

The Committee assists the Board in fulfilling its responsibilities for Company financial statements and external financial reporting. The Committee is responsible for reviewing the adequacy and effectiveness of the Company’s internal controls, reviewing the performance and findings of the external auditors, and reviewing and making recommendations on the Company’s accounting policies, financial statements and announcements to the New Zealand and Australian Stock Exchanges concerning results.

Remuneration Committee

The Remuneration Committee comprises one non-executive Director, Peter Lucas and the Executive Chairman, Gary Paykel. The Committee reviews and recommends to the Board, after taking independent advice, the remuneration arrangements for the Executive.

Share Trading

For Directors and Executives, the Company has a policy of requiring approval in advance of the buying and selling of Company shares and confirmation that it is not based on “inside information”. Short term trading of Company shares is not permitted.

Health & Safety

The Company operates teams to monitor and review occupational health and safety aspects of the operation and environmental matters.

Auditor's Report

Fisher & Paykel Appliances Holdings Limited

PRICEWATERHOUSECOOPERS

PricewaterhouseCoopers
188 Quay Street
Private Bag 92162
Auckland, New Zealand
DX CP24073
Telephone: +64 9 355 8000
Facsimile: +64 9 355 3001

We have audited the financial statements on pages 20 to 46. The financial statements provide information about the past financial performance and cash flows of the Company and Group for the year ended 31 March 2002 and their financial position as at that date. This information is stated in accordance with the accounting policies set out on pages 24 to 26.

Directors' responsibilities

The Company's Directors are responsible for the preparation and presentation of the financial statements which give a true and fair view of the financial position of the Company and Group as at 31 March 2002 and their financial performance and cash flows for the year ended on that date.

Auditors' responsibilities

We are responsible for expressing an independent opinion on the financial statements presented by the Directors and reporting our opinion to you.

Basis of opinion

An audit includes examining, on a test basis, evidence relevant to the amounts and disclosures in the financial statements. It also includes assessing:

- (a) the significant estimates and judgements made by the Directors in the preparation of the financial statements, and
- (b) whether the accounting policies are appropriate to the circumstances of the Company and Group, consistently applied and adequately disclosed.

We conducted our audit in accordance with generally accepted auditing standards in New Zealand. We planned and performed our audit so as to obtain all the information and explanations which we considered necessary to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatements, whether caused by fraud or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

We have no relationship with or interests in the Company or any of its subsidiaries other than in our capacities as auditors and the provision of taxation and consulting services.

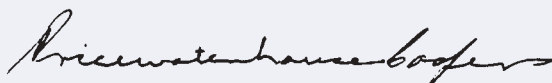
Unqualified opinion

We have obtained all the information and explanations we have required.

In our opinion:

- (a) proper accounting records have been kept by the Company as far as appears from our examination of those records; and
- (b) the financial statements on pages 20 to 46:
 - (i) comply with generally accepted accounting practice in New Zealand; and
 - (ii) give a true and fair view of the financial position of the Company and Group as at 31 March 2002 and their financial performance and cash flows for the year ended on that date.

Our audit was completed on 7 June 2002 and our unqualified opinion is expressed as at that date.



Chartered Accountants

Statement of Financial Performance

Fisher & Paykel Appliances Holdings Limited

For the year ended 31 March 2002

Representing Trading for the period 12 November 2001 to 31 March 2002

Parent 2002 \$000		Notes	Consolidated 2002 \$000 (Note below)
23	Revenue	1	339,861
35	Operating profit before taxation, interest and abnormal items		43,526
(20)	Interest		(3,048)
15	Operating profit before taxation and abnormal items		40,478
(34,487)	Abnormal items	2	(36,019)
(34,472)	Profit before taxation	2	4,459
9,325	Taxation	3	(3,314)
(25,147)	Profit after taxation		1,145
10	Profit after taxation excluding abnormals		27,336

On 12 November 2001, Fisher & Paykel Appliances Holdings Limited acquired the Appliances and Finance businesses from Fisher & Paykel Industries Limited, (now Fisher & Paykel Healthcare Corporation Limited). Fisher & Paykel Appliances Holdings Limited therefore began trading on the 12 November 2001.

Refer to comparatives in the Accounting Policies for prior year information.

The accompanying Accounting Policies and Notes form an integral part of the Financial Statements.

Statement of Financial Position

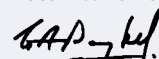
Fisher & Paykel Appliances Holdings Limited

As at 31 March 2002

Parent 2002 \$000		Notes	Consolidated 2002 \$000	Appliances Group 2002 \$000	Finance Group 2002 \$000
	Assets				
	Current assets				
28	Cash and bank balances		2,924	2,924	
89	Debtors and other current assets	4	99,204	95,471	3,733
	Finance receivables	5	169,103	732	168,371
	Inventories	6	122,274	122,274	
9,325	Taxation	7	10,454	10,454	
203,928	Intergroup advances				
213,370	Total current assets		403,959	231,855	172,104
	Non current assets				
	Property plant and equipment	8	244,018	234,740	9,278
230,862	Investment in Fisher & Paykel Healthcare Corporation Limited	10	230,862	230,862	
126,740	Investments in subsidiaries	11			
	Investment in Finance Group			31,473	
	Other assets		537		537
	Finance receivables	5	87,685	2,890	84,795
	Deferred taxation	12	18,340	16,191	2,149
357,602	Total non current assets		581,442	516,156	96,759
570,972	Total assets		985,401	748,011	268,863
	Liabilities				
	Current liabilities				
	Bank overdrafts	13	8,542	8,542	
	Call borrowings	13	15,289	15,289	
	Trade creditors		52,458	52,458	
	Provisions	14	17,961	17,961	
	Finance borrowings	15	161,344		161,344
	Term borrowings	16	9,081	9,081	
	Taxation	7	234	219	15
581	Other liabilities	17	33,075	25,497	7,578
20,874	Intergroup borrowings				
21,455	Total current liabilities		297,984	129,047	168,937
	Term liabilities				
	Term borrowings	16	54,264	54,264	
	Finance borrowings	15	68,453		68,453
	Provisions	14	15,183	15,183	
-	Total term liabilities		137,900	69,447	68,453
21,455	Total Liabilities		435,884	198,494	237,390
	Shareholders' equity				
549,517	Shareholders' equity	18	549,517	549,517	
549,517	Investment in Finance Group				31,473
	Total shareholders' equity		549,517	549,517	
570,972	Total liabilities and shareholders' equity		985,401	748,011	268,863

The accompanying Accounting Policies and Notes form an integral part of the Financial Statements. Refer to comparatives in the Accounting Policies for prior year information.

Date 7 June 2002



GA Paykel
Executive Chairman



JH Bongard
Director

Statement of Movements of Equity

Fisher & Paykel Appliances Holdings Limited

For the year ended 31 March 2002

Representing Trading for the period 12 November 2001 to 31 March 2002

Parent 2002 \$000		Notes	Consolidated 2002 \$000
3	Shareholders' equity at the beginning of the year		3
(3)	Buy back of share capital	18	(3)
547,925	Issue of share capital	18	547,925
<u>547,922</u>			<u>547,922</u>
(25,147)	Profit after taxation		1,145
26,739	Movement in revaluation reserve	18	
	Movement in currency translation reserve	18	447
<u>549,517</u>	<u>Shareholders' equity at the end of the year</u>		<u>549,517</u>

The accompanying Accounting Policies and Notes form an integral part of the Financial Statements.
Refer to comparatives in the Accounting Policies for prior year information.

Statement of Cash Flows

Fisher & Paykel Appliances Holdings Limited

For the year ended 31 March 2002

Representing Trading for the period 12 November 2001 to 31 March 2002

Parent 2002 \$000	Notes	Consolidated 2002 \$000
Cash flows from operating activities		
		330,135
		15,572
		52
23		219
(120)		(272,048)
		(8,511)
		(10,520)
(97)	19	54,899
Cash flows from (used in) investing activities		
		11
		103,596
		(6,776)
		(153)
		(101,452)
-		(4,774)
Cash flows from (used in) financing activities		
30		30
		124,116
		3,536
		(195,937)
		(8,641)
	11	(309,000)
212,030		212,030
174,098		200,234
(82,200)		(108,336)
(100,000)		
(203,929)		
96		
125		(81,968)
28		(31,843)
		-
	11	9,679
		1,257
28		(20,907)
Reconciliation of closing cash		
28		2,924
		(8,542)
		(15,289)
28		(20,907)

The accompanying Accounting Policies and Notes form an integral part of the Financial Statements. Refer to comparatives in the Accounting Policies for prior year information.

Statement of Accounting Policies

Fisher & Paykel Appliances Holdings Limited

These financial statements are presented in accordance with the New Zealand Companies Act 1993, the New Zealand Financial Reporting Act 1993 and generally accepted accounting practice in New Zealand. The Parent Company's financial statements are for Fisher & Paykel Appliances Holdings Limited as a separate entity and the Consolidated financial statements are for the Fisher & Paykel Appliances Holdings Limited Group which includes all its subsidiaries.

NATURE OF OPERATIONS

Fisher & Paykel Appliances Holdings Limited is a New Zealand based international company which holds an interest in two principal areas of business:

- Appliance manufacturer and marketer,
- Finance Group to support this business in New Zealand

The Company also has a 19.4% shareholding in Fisher & Paykel Healthcare Corporation Limited.

Fisher & Paykel Appliances Limited, a wholly owned subsidiary, is a leading designer and manufacturer of major household appliances in New Zealand and Australia. It is the largest supplier of major household appliances in New Zealand and the second largest supplier in Australia.

COMPARATIVES

Fisher & Paykel Appliances Holdings Limited (Previously Fisher & Paykel Security Systems Limited) existed as at 31 March 2001 but did not trade for the year then ended. On the basis of ease of presentation, these financial statements do not show comparative information in the various statements and accompanying notes. A brief summary of comparative information is provided below.

As at 31 March 2001 Fisher & Paykel Appliances Holdings Limited (then Fisher & Paykel Security Systems Limited) showed in its Statement of Financial Position \$3,000 in ordinary shares issued and paid up together with an inter-company receivable of the same amount. These ordinary shares were repurchased during the 2002 year, as shown in note 18, and the inter-company receivable was subsequently settled.

GENERAL ACCOUNTING POLICIES

The financial statements are based on the general principles of historical cost accounting, with the exception of investments in subsidiaries which are at net tangible asset value. Reliance is placed on the Group continuing as a going concern.

The following particular accounting policies which materially affect the measurement of profit, financial position and cash flows have been applied.

SPECIFIC ACCOUNTING POLICIES

Consolidation

The Company and subsidiary companies' accounts are consolidated using the purchase method. Subsidiaries are entities that are controlled either directly or indirectly by the parent. All material inter-group transactions are eliminated. The results of subsidiaries acquired or disposed of during the year are included in the consolidated statement

of financial performance from the date of acquisition or up to the date of disposal.

Fisher & Paykel Finance Limited and its subsidiary companies are independently funded under their own Debenture Trust Deed and, being the Finance Group, are not guaranteed by Fisher & Paykel Appliances Holdings Limited or any other non Finance Group companies.

Revenue Recognition

Goods and Services

Sales are recognised in accordance with the terms of sale when the benefits of ownership and risk of loss passes to the customer.

Long term contracts

The revenue on long term contracts is recognised over the period of the project. The percentage of completion method is used to determine the appropriate amount to recognise in a given period. The full amount of any anticipated loss, including that relating to future work on the contract, is recognised as soon as it is foreseen.

Investment income

Dividend income is recognised in the period the dividend is declared. Interest is accounted for as earned.

Income on finance receivables

Income on finance receivables is recognised on an actuarial basis calculated on the net amount outstanding.

Advertising and sales promotion costs

All advertising and sales promotion costs are expensed as incurred.

Earnings per share

Earnings per share is computed by using the weighted average number of ordinary shares outstanding during each period.

Employee share ownership plans

The Group operates an employee share ownership scheme for employees. The initial purchase of shares by the scheme is funded by advances from the Group. No compensatory expense is recognised in the statement of financial performance.

Employee share option plan

The Group operates an employee share option scheme for employees. No compensatory expense is recognised in the statement of financial performance.

Employee entitlement

Employee entitlements to salaries and wages, annual leave, long service and other benefits are recognised when they accrue to employees. The

Statement of Accounting Policies continued

Fisher & Paykel Appliances Holdings Limited

Group operates a pension plan for employees. Contributions to the plan are expensed when made.

Inventories

Inventories are valued at the lower of cost, on a first-in, first-out basis, or net realisable value. Cost includes all costs except finance, administration, research and development, selling and distribution overheads.

Fixed assets

Fixed assets are recorded at cost.

Interest costs incurred during the period required to complete and prepare the fixed asset for its intended use are capitalised as part of the total cost.

External software direct costs together with payroll and related costs for employees directly associated with the development of software are capitalised. Costs associated with upgrades and enhancements are capitalised to the extent they result in additional functionality.

Depreciation

Fixed Assets, other than Freehold Land and Capital Work in Progress, have been depreciated on a straightline basis over their total estimated useful lives as follows :

Buildings	50 years
Plant and Equipment	3 -15 years
Vehicles	5 years
Tooling	3 years
Software	3 - 10 years

Investments

Subsidiary companies are valued at net tangible asset value. The investment in Fisher & Paykel Healthcare Corporation Limited, being a long term investment, is valued at cost. Other investments are valued at the lower of cost or net realisable value.

Leases

Operating lease payments are expensed on a straight line basis over the period of the lease.

Research and development

Research expenditure is expensed as it is incurred. Development expenditure is expensed as incurred, unless that expenditure relates to new product platforms where it is expected that the new product will be marketed, in which case the expenditure is capitalised and amortised on a systematic basis reflecting the period of consumption of the benefit.

Finance receivables and trade debtors

Finance receivables are shown net of unearned income and financing losses which are expected in future accounting periods. All known losses are written off in the period in which they become evident.

A specific provision is maintained to cover all identified doubtful debts. All known bad debts are written off against the specific provision in the period in which they become classified as irrecoverable.

Provision for Warranty

Provision for warranty covers the obligations for the unexpired warranty periods for products, based on recent historical costs incurred. Warranty terms vary but generally are 2 years parts and labour.

Debenture issue expenses

Issuing costs are capitalised where they can be matched with related borrowings. Capitalised costs are amortised to interest costs evenly over the term of the borrowings.

Taxation

The taxation expense charged to earnings includes both current and deferred tax and is calculated after allowing for permanent differences. The liability method of accounting for the taxation effect of all timing differences is used. Deferred tax is accounted for using the comprehensive basis on all timing differences. Any future taxation benefit is recognised only to the extent that there is virtual certainty of recovery in subsequent periods.

Foreign currencies

Transactions in foreign currencies are converted at the rate of exchange prevailing at the date of the transaction, or at the hedged rate if financial instruments have been used to reduce exposure.

At balance date, foreign monetary assets and liabilities are translated at the year end closing or hedged rates, and exchange variations arising from these translations are included in the Statement of Financial Performance.

The financial statements of independent foreign subsidiaries are translated at the following exchange rates:

- The year end closing exchange rate for assets and liabilities
- The monthly weighted average exchange rate for revenue and expense transactions.

The exchange rate difference from translating the opening net investment and revenue and expense transactions at rates different from that which was previously reported is reflected in the foreign currency translation reserve in the Statement of Financial Position.

Statement of Accounting Policies continued

Fisher & Paykel Appliances Holdings Limited

Statement of cash flows

The following are the definitions of the terms used in the Statement of Cash Flows:

- a) Cash comprises cash on hand, bank balances and call borrowings.
- b) Investing activities are those activities relating to the acquisition, holding and disposal of fixed assets, investments and finance receivables.
- c) Financing activities are those activities which result in changes in the size and composition of the capital structure of the Group. This includes both equity and debt not falling within the definition of cash. Dividends paid are included in financing activities.
- d) Operating activities include all transactions and other events that are not investing or financing activities.

Financial instruments

The Group has various financial instruments for the purpose of reducing its exposure to fluctuations in foreign currency exchange rates and interest rates. These financial instruments are subject to risk that market rates may change subsequent to acquisition. For interest rate instruments, the differential to be paid or received is accrued as interest rates change and is recognised as a component of interest expense over the life of the instrument. Exchange gains and losses arising on contracts which qualify as hedges for accounting purposes are deferred until the date the underlying transactions occur at which time they are included in the determination of Net Earnings. Gains and losses on instruments that do not qualify as hedges are recognised in the statement of financial performance as they occur.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

Impairment

Annually, the directors assess the carrying value of each asset. Where the estimated recoverable amount of the asset is less than its carrying amount, the asset is written down. The impairment loss is recognised in the statement of financial performance.

Notes to the Financial Statements

Fisher & Paykel Appliances Holdings Limited

	Parent		Consolidated
	2002		2002
	\$000		\$000
1	REVENUE		
	Representing trading for the period 12 November 2001 to 31 March 2002		
		Appliances	
		New Zealand	84,046
		Australia	162,308
		USA	59,213
		Singapore	6,107
		United Kingdom	4,187
		Rest of World	8,957
	-	Total Appliances Revenue	324,818
		Finance	
		New Zealand	14,851
		Dividend	52
23		Interest	140
23		Total Operating Revenue	339,861

Notes to the Financial Statements

Fisher & Paykel Appliances Holdings Limited

	Parent 2002 \$000	Consolidated 2002 \$000
2	NET OPERATING PROFIT	
	Representing trading for the period 12 November 2001 to 31 March 2002	
	(34,472)	4,459
	<hr/>	
		Profit before taxation
		After charging (crediting):
		Remuneration of auditors:
		Audit fees paid to parent company auditor 66
		Audit fees paid to other auditors of the group 98
		Other fees paid to other auditors of the group 27
		Donations 44
		Depreciation:
		Appliances 11,446
		Finance group 1,810
		Interest:
		Term borrowings 1,073
20		Bank overdraft and call borrowings 1,975
		Finance group 5,717
		Research and development 3,892
		Rental and operating leases 3,520
		Realised gain on foreign currency provision (869)
		Bad debts written off:
		Appliances 259
		Finance Australia 1,178
		Finance New Zealand 849
		Movement in provision for doubtful debts:
		Appliances 210
		Finance Australia (1,062)
		Finance New Zealand (247)
138		Directors' fees 156
		Abnormal items:
34,487		Separation costs 36,019
		Including \$1,417,000 paid to parent company auditor and \$1,496,000 paid to other auditors of the group.

Abnormal costs of \$36.0 million (\$26.2 million after tax), were incurred to separate the Appliances and Finance businesses from Fisher & Paykel Industries Limited. This was within the \$25-\$30 million after tax cost estimate included in the Information Memorandum prepared for shareholders of Fisher & Paykel Industries Limited.

Notes to the Financial Statements

Fisher & Paykel Appliances Holdings Limited

	Parent 2002 \$000	Consolidated 2002 \$000
3	TAXATION	
	(34,472)	4,459
	Profit before taxation	
	(11,376)	1,471
	Taxation at current rate of 33%	
	Adjustments to taxation for:	
	(7)	(97)
	Non-assessable income	
	2,058	2,042
	Non-deductible items	
		259
	Attributed foreign income	
		(174)
	Foreign rates other than 33%	
	(9,325)	3,501
	This year's taxation	
	-	(187)
	Other	
	(9,325)	3,314
	Income tax expense	
	This is represented by:	
	(9,325)	(2,034)
	Current taxation	
	-	5,348
	Deferred taxation	
	(9,325)	3,314
4	DEBTORS AND OTHER CURRENT ASSETS	
	-	90,348
	Trade receivables	
	-	(501)
	Less allowance for doubtful accounts	
	-	89,847
	89	9,357
	Other debtors and prepayments	
	89	99,204

Refer to comparatives in the Accounting Policies for prior year information.

Notes to the Financial Statements

Fisher & Paykel Appliances Holdings Limited

	Parent 2002 \$000	Consolidated 2002 \$000
5	FINANCE RECEIVABLES	
	Receivable within one year	189,235
	Less provision for bad and doubtful debts	(2,758)
		186,477
	Less provision for unearned interest	(17,374)
	Net receivables due within one year	169,103
	Receivable beyond one year	96,986
	Less provision for bad and doubtful debts	(2,024)
		94,962
	Less provision for unearned interest	(7,277)
	Net receivables due beyond one year	87,685
	Total finance receivables	256,788

Finance receivables are comprised of advances to customers including advances where interest for the term of the advance is included within finance receivables and advances where interest is charged on a daily basis.

6	INVENTORIES	
	Materials	45,243
	Spare parts	4,999
	Finished products	72,032
		122,274
7	TAXATION	
	- Balance held in acquired subsidiaries	(1,401)
	9,325 Total taxation benefit in current year	2,034
	- Taxation paid	8,511
	- Other movements	1,076
	9,325 Balance at end of year	10,220
	Taxation payable	(234)
	9,325 Taxation recoverable	10,454
	9,325	10,220

Notes to the Financial Statements

Fisher & Paykel Appliances Holdings Limited

	Parent 2002 \$000	Consolidated 2002 \$000
8	PROPERTY PLANT AND EQUIPMENT	
	Land	23,147
		*
		23,147
	Buildings	95,358
	Less depreciation	1,608
		*
		93,750
	Leasehold improvements	923
	Less depreciation	48
		875
	Plant and equipment	117,167
	Less depreciation	9,791
		107,376
	Computer software	14,117
	Less depreciation	1,939
		12,178
	Capital projects	6,692
		244,018

* The independent valuation of land and buildings as at 31 March 2002 was \$117.513 million.

Notes to the Financial Statements

Fisher & Paykel Appliances Holdings Limited

9 EMPLOYEE SHARE PLANS

Share Purchase Plan

Share purchase loans are made by the Group under the Share Purchase Plans to assist employees with the purchase of fully paid ordinary shares in the company.

Shares are normally issued at a discount of 20% of market price, on terms permitted by the Plans in accordance with section DF7 of the New Zealand Income Tax Act 1974, with no interest being charged on the loans. The qualifying periods between grant and vesting date are 3 years. Dividends paid during the qualifying period on shares allocated to employees and under the Plans are paid to the employees. Voting rights on shares under the plans are exercisable by the employees..

86,185 shares are held by the Plans, being 0.1% of the company's issued and paid up capital. As at 31 March 2002, all shares were allocated to employees, except for 1,902. Once vested an employee participant may elect to transfer the shares into his or her own name, after which the shares are freely transferable.

All shares are allocated to employees at the time of issue, on the condition that should they leave the company before the qualifying period ends, their shares will be repurchased by the Scheme at the lesser of market price and the price at which the shares were originally allocated to the employee, subject to repayment of the original loan. Any such shares are re-allocated to other employees by the Scheme.

Directors of the Employee Share purchase Schemes are appointed by the company.

In addition, Fisher & Paykel Healthcare Corporation Limited, pursuant to the Separation Agreement dated 23 August 2001, administers loans for employee share purchase schemes, established by Fisher & Paykel Industries Limited before the separation, for the benefit of employees of Fisher & Paykel Appliances Holdings Limited.

Share Option Plan

Fisher & Paykel Appliances Holdings Limited has established a Share Option Plan for selected executives, managers and other selected employees working in the appliances and finance businesses. Under the plan, the board of directors may make annual grants of options to plan participants to subscribe for ordinary shares at an exercise price per share equal to the market value of a share on or around the date of option grant.

One third of the options granted pursuant to the Share Option Plan on a particular grant date become exercisable on each of the second, third and fourth anniversaries of the grant date and all unexercised options expire on the fifth anniversary of the grant date.

Options also become exercisable if a person (or group of persons acting in concert) acquires more than one-half of the ordinary shares on issue. On leaving employment due to death, serious illness, accident, permanent disablement, redundancy or in other circumstances determined by the board of directors the participant or, if applicable, the participant's executor will have one month to exercise all outstanding options.

In the current year Fisher & Paykel Appliances Holdings Limited has granted options to purchase 1,048,000 shares under the Share Option plan. The exercise price is \$9.22 per share.

Notes to the Financial Statements

Fisher & Paykel Appliances Holdings Limited

10 INVESTMENT IN FISHER & PAYKEL HEALTHCARE CORPORATION LIMITED

With the separation of Fisher & Paykel Industries Limited the Group retained 19,816,480 shares in Fisher & Paykel Healthcare Corporation Limited at a cost of \$11.65 per share, equating to \$230,861,992.

The quoted price of Fisher & Paykel Healthcare Corporation Limited shares on the New Zealand Stock Exchange at close of trading on 31 March 2002 was \$9.90 per share. The number of shares held in Fisher & Paykel Healthcare Corporation Limited multiplied by this quoted amount equates to \$196,183,152.

Subsequent to balance date, Fisher & Paykel Healthcare Corporation Limited declared a dividend of 25 cents per share, payable on 27 June 2002.

11 INVESTMENTS IN SUBSIDIARIES

Parent	
2002	
\$000	
126,740	Shares in subsidiary companies

The Parent's investment in subsidiaries comprises shares at net asset value. The assets and liabilities attributed to Fisher & Paykel Appliances Holdings Limited are largely owned by the following subsidiaries

Principal Subsidiaries	Country of Domicile	Interest held by Group		Principal activities
		2002	2001	
* AF Investments Limited	NZ	100%	0%	Non Trading Holding Company
* Fisher & Paykel Appliances Limited	NZ	100%	0%	Manufacture & Distribution of Appliances
Fisher & Paykel Finance Limited	NZ	100%	0%	Consumer & Commercial Finance
Consumer Finance Limited	NZ	100%	0%	Consumer Finance
Equipment Finance Limited	NZ	100%	0%	Commercial Finance
* Fisher & Paykel Production Machinery Limited	NZ	100%	0%	Machinery Manufacturer
Fisher & Paykel Appliances Employee Share Purchase Trustee Limited	NZ	100%	0%	Employee share purchase plan
* Fisher & Paykel Australia Holdings Limited	Australia	100%	0%	Non Trading Holding Company
* Fisher & Paykel Australia Pty Limited	Australia	100%	0%	Distribution of Appliances
* Fisher & Paykel Manufacturing Pty Limited	Australia	100%	0%	Manufacture of Appliances
Fisher & Paykel (Singapore) Pte Limited	Singapore	100%	0%	Distribution of Appliances
Fisher & Paykel Appliances Inc	USA	100%	0%	Distribution of Appliances
Fisher & Paykel Appliances Limited	UK	100%	0%	Distribution of Appliances

All subsidiaries have a balance date of 31 March.

- * Fisher & Paykel Appliances Holdings Limited together with those above companies marked with an asterisk are the major companies in the negative pledge agreement.

Effective 12 November 2001 the Group acquired 100% of the shares of Fisher & Paykel Appliances Limited, Fisher & Paykel Finance Limited and their subsidiaries for a cash consideration of \$309 million. The operating results of these companies have been included in the Statement of Financial Performance from 12 November 2001.

Summary of the effect of acquisition of Fisher & Paykel Appliances Limited and Fisher & Paykel Finance Limited

	\$000
Net assets acquired	
Bank balances	9,679
Net current assets	127,660
Property plant and equipment	251,440
Finance receivables	260,978
Deferred taxation	24,200
Term Borrowings	(115,774)
Finance Borrowings	(236,782)
Provisions	(12,401)
Consideration Paid	309,000

Notes to the Financial Statements

Fisher & Paykel Appliances Holdings Limited

	Parent 2002 \$000	Consolidated 2002 \$000
12	DEFERRED TAXATION / FUTURE TAXATION BENEFIT	
	Balance held in acquired subsidiaries	23,914
	Current year timing differences	(5,348)
	Other movements	(226)
	Balance at end of year:	
	Deferred taxation	18,340
13	BANK OVERDRAFTS AND CALL BORROWINGS	
	Bank overdrafts	8,542
	Call borrowings	15,289
	Call borrowings and bank overdrafts in foreign currencies total:	
	USD 2.98 million	
	SGD 0.42 million	
	GBP 0.87 million	
	Call borrowings and bank overdrafts come under the Negative Pledge Agreement as set out in note 16.	
14	PROVISIONS	
	Current	
	Warranty	17,861
	Other	100
		17,961
	Term	
	Warranty	15,163
	Other	20
		15,183

Notes to the Financial Statements

Fisher & Paykel Appliances Holdings Limited

	Parent 2002 \$000	Consolidated 2002 \$000
15 FINANCE BORROWINGS		
Secured borrowings		
(a) Debenture stock due for repayment:		
Within one year		119,466
between one and two years		33,292
Over two years		15,078
		167,836
The average rate of interest is 6.1%		
(b) Secured advances due for repayment:		
At Call		2,501
Within one year		39,331
Over two years		20,083
		61,915
The average rate of interest is 5.3%		
(c) Secured bank overdraft		46
Total secured borrowings		229,797
Total Finance borrowings		229,797
Due within one year		161,344
Due after one year		68,453
		229,797

Debenture stock on issue is secured by first floating charge over the assets of Fisher & Paykel Finance Limited (FPFL) and charging subsidiaries (the Charging Group). Currently, all subsidiaries of FPFL are charging subsidiaries.

All borrowings made by the issue of debenture stock are in accordance with a Debenture Trust Deed. The Deed includes a number of covenants which must be satisfied.

Notes to the Financial Statements

Fisher & Paykel Appliances Holdings Limited

	Parent 2002 \$000	Consolidated 2002 \$000
16	TERM BORROWINGS	
	Borrowing facilities due for repayment:	
	Current	9,081
	One to two years	18,000
	Two to three years	36,264
	Three to four years	-
	Term	54,264

These borrowings have been aged in accordance with the facilities' terms. All borrowings are drawn down by way of short term bills at interest rates current at draw down date (weighted average 5.0%)

Borrowings in foreign currencies total A\$21.7 million and US\$4 million.

A Negative Pledge Agreement has been executed with a number of the Group's bankers. Major trading companies operating under a Negative Pledge Agreement together with the parent company are listed in note 11. The negative pledge includes the covenant that security can be given only in limited circumstances.

17 OTHER CURRENT LIABILITIES

	Employee entitlements	16,234
581	Other creditors and accruals	16,841
581		33,075

Notes to the Financial Statements

Fisher & Paykel Appliances Holdings Limited

	Parent 2002 \$000	Consolidated 2002 \$000
18	SHAREHOLDERS' EQUITY	
	64,808,935 ordinary shares issued and paid up. 86,185 ordinary shares issued and partially paid up. All ordinary shares rank equally with one vote attaching to each fully paid ordinary share.	
	3	3
	547,925	547,925
	(25,147)	1,145
	(3)	(3)
	<u>522,778</u>	<u>549,070</u>
	<i>Reserves</i>	
	26,739	-
	-	447
	<u>26,739</u>	<u>447</u>
	<u>549,517</u>	<u>549,517</u>

Refer to comparatives in the Accounting Policies for prior year information.

Notes to the Financial Statements

Fisher & Paykel Appliances Holdings Limited

	Parent 2002 \$000	Consolidated 2002 \$000
19 CASH FLOW		
(a) Reconciliation of group profit to cash flows from operating activities		
Representing Trading for the period 12 November 2001 to 31 March 2002		
	(25,147)	1,145
Group profit after taxation		
Add/(deduct) non-cash items		
Depreciation and writedown of fixed assets to recoverable amount		13,256
Accrued Finance Group interest expense		(1,949)
Accrued interest income		79
Movement in provisions		(10,158)
(9,325) Movement in deferred tax/future tax benefit		6,144
Movement in working capital		
581 Payables and accruals		5,443
(86) Debtors		3,759
Finance Receivables		1,557
Inventory		22,397
Provision for taxation		(11,621)
34,487 Separation costs		23,971
(607) Intercompany creditors		
Foreign currency exchange translation		876
(97) Net cash flow from operations		54,899

(b) Separation Transactions

Pursuant to the shareholder approved reorganisation of Fisher & Paykel Industries Limited:

- Fisher & Paykel Appliances Holdings Limited issued 64,808,935 ordinary shares and paid \$82.2 million to acquire 55,616,480 ordinary shares in Fisher & Paykel Industries Limited.
- Fisher & Paykel Industries Limited undertook a share buyback of 18,200,000 ordinary shares from Fisher & Paykel Appliances Holdings Limited for \$212.0 million.
- Fisher & Paykel Appliances Holdings Limited sold 17,600,000 ordinary shares in Fisher & Paykel Healthcare Corporation Limited (formerly Fisher & Paykel Industries Limited) to investors in the USA for \$174.1 million.
- Fisher & Paykel Appliances Holdings Limited retained 19,816,480 shares in Fisher & Paykel Healthcare Corporation Limited.

Notes to the Financial Statements

Fisher & Paykel Appliances Holdings Limited

- Effective 12 November 2001, Fisher & Paykel Appliances Holdings Limited, through its 100% owned subsidiary A F Investments Limited, purchased 100% of the shares of Fisher & Paykel Appliances Limited, Fisher & Paykel Finance Limited and their subsidiaries for a cash consideration of \$309.0 million (refer note 11). To finance this purchase short term borrowings of \$97.0 million were required and later repaid.
- Fisher & Paykel Appliances Holdings Limited acquired a further 2,640,000 ordinary shares in Fisher & Paykel Healthcare Corporation Limited, as per the Underwriters agreement, for \$26.1 million. These shares were immediately sold to investors in the USA at the same price.
- Costs associated with the reorganisation of the Fisher & Paykel Industries Group incurred and paid for by the Fisher & Paykel Appliances Holdings Group, other than those costs directly associated with the sale of Fisher & Paykel Healthcare Corporation Limited shares in the USA, have been included as operating cash flows.

20 IMPUTATION CREDIT ACCOUNTS

Parent 2002 \$000		Consolidated 2002 \$000
21,617	Imputation credits received on separation from Fisher & Paykel Industries Limited.	
21,617	Balance carried forward	
	Imputation credits directly and indirectly available to shareholders as at 31 March 2002 are:	
	Parent	21,617
	Subsidiaries	1,127
	Balance carried forward	22,744

21 CONTINGENT LIABILITIES

-	Contingent liabilities	-
---	------------------------	---

Periodically we are a party to litigation including product liability claims. To date such claims have been settled for relatively small monetary amounts which have been expensed or covered by our insurance. We are unaware of the existence of any claim that would have a material impact on the operations of the company.

Notes to the Financial Statements

Fisher & Paykel Appliances Holdings Limited

	Parent 2002 \$000	Consolidated 2002 \$000
22	COMMITMENTS	
	Capital expenditure commitments at 31 March 2002	
		1,131
		1,131
	Lease commitments under non-cancellable operating leases:	
		7,800
		6,926
		5,804
		4,552
		4,203
		11,501

Operating lease commitments relate mainly to occupancy lease of buildings.

23 CURRENCY

The following currency conversion rates have been applied at 31 March 2002:

NZ\$1.00 =	USD	0.4405
	AUD	0.8260
	GBP	0.3065
	SGD	0.8075
	EUR	0.5051

Notes to the Financial Statements

Fisher & Paykel Appliances Holdings Limited

24 FINANCIAL INSTRUMENTS PARENT COMPANY AND APPLIANCES GROUP

Management policies

Through its importing and exporting activities, the Group generates a number of internal foreign currency hedges. The Group's policy is to monitor current and anticipated future foreign currency trading cash flows to determine net exposures and advice is taken on likely foreign currency rate trends. Current and anticipated net foreign currency exposures are hedged with options and forward exchange contracts.

Interest rate risks are regularly monitored and advice taken on likely trends. When considered appropriate, the Group will swap its floating interest rate borrowings into fixed interest rate borrowings.

Fair value

Estimated fair values of the Group's financial assets and liabilities at 31st March 2002 are as follows:

	2002	
	Carrying Amount \$000	Fair Value \$000
Cash at bank	2,924	2,924
Debtors	95,471	95,471
Call borrowings and bank overdrafts	(23,831)	(23,831)
Term borrowings	(63,345)	(63,345)
Creditors	(62,537)	(62,537)
Foreign currency forward exchange contracts	-	2,113
Interest rate swaps	-	(882)

Estimated fair values of the Parent Company's financial assets and liabilities at 31st March 2002 are as follows:

	2002	
	Carrying Amount \$000	Fair Value \$000
Cash at bank	28	28
Intergroup advances	203,928	203,928
Creditors	(581)	(581)

The following methods and assumptions were used to estimate the fair value of each class of financial instruments:

Cash at bank, debtors, creditors, call borrowings, bank overdrafts and intergroup advances

Carrying amounts of these items are equivalent to their fair values.

Term borrowings

Fair value of the Group's term borrowings is estimated based on current market interest rates available to the Group for debt of similar maturities.

Foreign currency forward exchange contracts and option agreements

Fair values are estimated based on the quoted market prices of these instruments at balance date.

Notes to the Financial Statements

Fisher & Paykel Appliances Holdings Limited

Interest rate swaps

Fair values are estimated based on the quoted market prices of these instruments at balance date .

Off balance sheet risk

The Group has entered into foreign currency forward exchange contracts and foreign currency option agreements to manage its exposure to fluctuations in foreign currency exchange rates. These financial instruments are subject to the risk that exchange rates may change subsequent to acquisition.

Notional principal of foreign exchange and option agreements amounts outstanding were as follows:

	2002 \$000
Foreign currency instruments	
Purchase commitments forward exchange contracts	5,266
Sale commitments forward exchange contracts	176,114
Put option agreements purchased	1,094
Call option agreements sold	18,289

The Group has entered into interest rate swaps to manage its exposure to fluctuations in floating interest rates. These financial instruments are subject to the risk that interest rates may change subsequent to implementation.

All of the interest rate swaps at 31 March 2002 were to hedge borrowings outstanding. Notional principal or contract amounts outstanding were as follows:

	2002 \$000
Interest rate swaps	56,320

Credit Risk

Foreign currency forward exchange contracts, foreign currency option agreements and interest rate swaps have been entered into with Trading Banks. The Group's exposure to credit risk from these financial instruments is limited because it does not expect nonperformance of the obligations contained therein due to the credit rating of the financial institutions concerned. The Group does not require collateral or other security to support financial instruments.

In the normal course of business, the Group incurs credit risk with trade receivables. The Group has a credit policy which is used to manage this exposure to credit risk. As part of this policy, limits on exposure are monitored on a regular basis. There are no significant concentrations of credit risk.

Notes to the Financial Statements

Fisher & Paykel Appliances Holdings Limited

25 FINANCIAL INSTRUMENTS FINANCE GROUP

Management policies

Interest rate risk is regularly monitored and advice taken on likely trends. The Group's general policy is to match interest rate risk. However, this general policy may be varied when considered appropriate. The policy also requires that interest rate exposures are regularly reported to the Board of Directors.

Fair value

Estimated fair values of the Group's financial assets and liabilities at 31st March 2002 are as follows:

	2002	
	Carrying Amount \$000	Fair Value \$000
Finance Receivables	253,166	253,867
Securities	537	537
Debtors	3,733	3,733
Finance Borrowings	(234,797)	(235,366)
Creditors	7,859	7,859
Interest rate swaps	-	197

The following methods and assumptions were used to estimate the fair value of each class of financial instruments:

Debtors, creditors and bank overdraft

Carrying amounts of these items are equivalent to their fair values.

Finance Receivables and securities

Fair value of the Group's receivables and securities is estimated based upon current market interest rates available to the Group for receivables and securities of similar maturities.

Finance Borrowings

Fair value of the Group's finance borrowings is estimated based on current market interest rates (including margin) available to the Group for debt of similar maturities.

Interest rate swaps

Fair values are estimated based on the quoted market prices of these instruments at balance date.

Off balance sheet risk

Interest rate swaps have been entered into in order to manage the Group's interest rate exposures. These financial instruments are subject to the risk that interest rates may change subsequent to acquisition.

All interest rate swaps at 31 March 2002 were entered into to hedge borrowings outstanding. Notional principal or contract amounts outstanding were as follows:

	2002 \$000
Interest rate swaps	58,500

Notes to the Financial Statements

Fisher & Paykel Appliances Holdings Limited

Credit Risk

Interest rate swaps have been entered into with Trading Banks. The Group's exposure to credit risk from these financial instruments is limited because it does not expect nonperformance of the obligations contained therein due to the credit rating of the financial institutions concerned. The Group does not require collateral or other security to support financial instruments.

In the normal course of business, the Group incurs credit risk from advances made to its customers which are classified as Finance Receivables. The Group has a credit policy which is used to manage exposure to credit risk. As part of this policy, exposures are reviewed on a regular basis.

The total amounts receivable of \$253.2 million as at 31 March 2002 includes advances to retailers secured by taking an assignment over the individual finance receivable agreements.

Finance Group interest rate risk profile of financial assets and liabilities

The interest rate risk profiles have been prepared as at 31 March 2002 on the basis of maturity or contractual repricing, whichever is the earlier.

31 March 2002	Weighted Average Interest Rate	Total \$000	0-6 mths \$000	7-12 mths \$000	13-24 mths \$000	25-60 mths \$000
Financial assets						
Finance receivables	13.1%	253,166	99,255	69,115	59,560	25,236
Other	6.9%	537	-	-	-	537
Other current assets	N/A	1,983	1,983	-	-	-
		255,686	101,238	69,115	59,560	25,773
Financial liabilities						
Secured borrowings	5.9%	229,797	146,217	35,210	33,292	15,078
Subordinated debt	5.5%	5,000	5,000	-	-	-
Other current liabilities	N/A	4,867	4,867	-	-	-
		239,664	156,084	35,210	33,292	15,078
On-balance sheet gap		16,022	(54,846)	33,905	26,268	10,695
Off-balance sheet financial instruments		-	(39,667)	25,334	14,333	-
Net effective interest rate gap		16,022	(15,179)	8,571	11,935	10,695

31 March 2001 There are no comparatives for this year

Notes to the Financial Statements

Fisher & Paykel Appliances Holdings Limited

26 RELATED PARTY INFORMATION

On 23 August 2001, Fisher & Paykel Appliances Holdings Limited (Fisher & Paykel Appliances) entered into a separation arrangement with Fisher & Paykel Industries Limited (now Fisher & Paykel Healthcare Corporation Limited), to retain 19.4% of the ordinary shares in Fisher & Paykel Healthcare Corporation Limited (Fisher & Paykel Healthcare) following separation. The separation arrangement agreement provided, among other things that:

- Any asset or liability held by Fisher & Paykel Healthcare after the effective date of the separation that was properly attributable to Fisher & Paykel Appliances, or any asset or liability held by Fisher & Paykel Appliances or its subsidiaries that was properly attributable to the healthcare business, was to be transferred and assigned or novated to Fisher & Paykel Healthcare or Fisher & Paykel Appliances, as the case might be.
- Assets or liabilities for which no proper attribution could be determined were to be attributed to each of Fisher & Paykel Healthcare and Fisher & Paykel Appliances pro rata, in proportion to the respective values attributed to Fisher & Paykel Healthcare and Fisher & Paykel Appliances as of the date of the separation arrangement agreement, unless each agreed to a different allocation.
- Fisher & Paykel Appliances and Fisher & Paykel Healthcare have agreed to ongoing sharing and co-operation arrangements concerning matters including the use of the name "Fisher & Paykel", land owned by Fisher & Paykel Healthcare to which Fisher & Paykel Appliances require limited access, joint procurement, including product liability insurance arrangements, the sharing of technological developments in prescribed circumstances, the use of the domain names "fisherpaykel.com" and "fisher&paykel.com", Fisher & Paykel Healthcare continuing to administer loans under existing employee share schemes, allowing Fisher & Paykel Healthcare to use two patents owned by Fisher & Paykel Appliances, the retention of records and access to corporate information.
- Fisher & Paykel Appliances and Fisher & Paykel Healthcare would use their best endeavours to distinguish their respective businesses from each other.
- Fisher & Paykel Healthcare would indemnify Fisher & Paykel Appliances for all losses, damages, liabilities, claims, costs and expenses that may be incurred by Fisher & Paykel Appliances and any of its subsidiaries after the effective date of the separation relating to the healthcare business as carried on by Fisher & Paykel Industries Limited prior to the effective date of the separation and by Fisher & Paykel Healthcare after the effective date of the separation. Fisher & Paykel Appliances similarly indemnify Fisher & Paykel Healthcare and its subsidiaries in relation to the operation of the appliances and finance businesses.

Any claims made against Fisher & Paykel Appliances that are properly attributable, in accordance with the separation arrangement agreement, to the healthcare business would require Fisher & Paykel Appliances to exercise its rights under the separation arrangement agreement to obtain payment or indemnification from Fisher & Paykel Healthcare.

The Group acquired a controlling interest in Hill and Stewart Appliances Limited upon acquisition of the Appliances business. This interest in Hill & Stewart Appliances Limited was divested on 8 February 2002 at its carrying value. The results of Hill & Stewart Appliances which were not material have not been consolidated.

Notes to the Financial Statements

Fisher & Paykel Appliances Holdings Limited

27 SEGMENTS

The Group's principal activities are the manufacture and sale of household appliances with their major markets being Australia, New Zealand and the United States; and Finance to support the sale of the Groups products, a New Zealand activity.

Industry Segments

Representing Trading for the period 12 November 2001 to 31 March 2002

	Finance	Appliances	Investments	Separation Costs	Consolidated Operations
	\$000	\$000		\$000	\$000
Operating revenue	14,908	324,953	-	-	339,861
Operating Profit before interest, taxation and abnormals	2,188	41,338	-	-	43,526
EBIT	2,188	41,338	-	(36,019)	7,507
Depreciation	(1,810)	(11,446)	-	-	(13,256)
Capital expenditure	326	6,450	-	-	6,776
Assets	268,863	485,676	230,862	-	985,401

28 EMPLOYEE REMUNERATION

Representing Trading for the period 12 November 2001 to 31 March 2002

Fisher & Paykel Appliances operates in a number of countries where remuneration market levels differ widely. During the year, the number of employees or former employees, not being directors of Fisher & Paykel Appliances Holdings Limited received remuneration and the value of other benefits, payable for the period 12 November 2001 to 31 March 2002, that exceeded \$100,000 as follows:

Remuneration	Number of employees	Remuneration	Number of employees
\$	2002	\$	2002
100,000 – 110,000	3	150,001 – 160,000	1
110,001 – 120,000	5	170,001 – 180,000	2
120,001 – 130,000	2	290,001 – 300,000	1
130,001 – 140,000	1	300,001 – 310,000	1
140,001 – 150,000	2	310,001 – 320,000	1

Unaudited Statement of Financial Performance

Fisher & Paykel Appliances Holdings Limited

Continuing Operations for the year ended 31 March 2002

Representing Trading for the full 12 months

	Notes	Consolidated Pro forma	
		2002 \$000	2001 \$000
Revenue	2	803,459	730,738
Operating profit before taxation, interest and abnormal items		69,835	50,283
Interest		(7,727)	(9,607)
Operating profit before taxation and abnormal items		62,108	40,676
Abnormal items	3	(36,019)	(10,191)
Foreign currency exchange profit (loss)		-	(12,740)
Realised gain on foreign currency provision		3,530	-
Unrealised loss on foreign currency instruments		-	(19,868)
Profit before taxation	3	29,619	(2,123)
Taxation		(14,311)	443
Profit after taxation		15,308	(1,680)
Profit after taxation excluding abnormals		41,499	5,476

Notes to Pro forma Financial Information

Fisher & Paykel Appliances Holdings Limited

Continuing Operations for the year ended 31 March 2002

1 BASIS OF PREPARATION

Effective 12 November 2001 Fisher & Paykel Appliances Holdings Limited acquired from Fisher & Paykel Industries Limited (now Fisher & Paykel Healthcare Corporation Limited) the appliances and finance businesses together with a 19.4% investment in Fisher & Paykel Healthcare Corporation Limited.

The Unaudited Financial Statements disclose the operating results of the continuing operations of the appliances and finance businesses for the years ending 31 March 2001 and 2002 disregarding the changes in ownership. The results of the appliances and finance businesses to 12 November 2001 have been "carved out" of the Fisher & Paykel Industries Limited group financial statements and added to the results achieved by the Fisher & Paykel Appliances Holdings Limited Group for the period from 12 November 2001 to 31 March 2002. Accordingly the results may differ from those that may have been achieved had the businesses been operating on a standalone basis for the entire period.

Prior to 11 November 2001 the treasury function for Fisher & Paykel Industries Limited had been managed on a centralised basis. This included the investment of surplus cash, the issuance, repayment and repurchase of short and long term debt, including derivative financial instruments. Accordingly debt managed in this manner, which was not specifically identifiable with operations of a particular business of the Fisher & Paykel Industries Limited group, was allocated to the appliances business. For the entire period all derivatives were specifically identified with specific businesses.

ACCOUNTING POLICIES

The pro formas have been prepared utilising the accounting policies of Fisher & Paykel Appliances Holdings Limited as disclosed in their financial statements.

	Consolidated Pro forma	
	2002	2001
	\$000	\$000

2 REVENUE

Representing Trading for the full 12 months

Appliances		
New Zealand	208,125	204,278
Australia	368,592	356,380
USA	134,987	83,294
Singapore	14,250	12,672
United Kingdom	11,262	2,320
Other	25,499	33,722
	<hr/>	<hr/>
	762,715	692,666
Finance		
New Zealand	40,070	37,313
Dividend	121	175
Interest	553	584
	<hr/>	<hr/>
Total Operating revenue	803,459	730,738

Notes to Pro forma Financial Information

Fisher & Paykel Appliances Holdings Limited

	Consolidated Pro forma	
	2002	2001
	\$000	\$000
3 NET OPERATING PROFIT		
Representing Trading for the full 12 months		
	Profit (loss) before taxation	29,619 (2,123)
After charging:		
Remuneration of auditors:		
Audit fees paid to parent company auditor	205	162
Audit fees paid to other auditors of the group	229	88
Other fees paid to other auditors of the group	58	125
Donations	89	104
Depreciation:		
Appliances	34,748	41,520
Finance group	2,894	2,138
Interest:		
Term borrowings	2,839	3,659
Other	4,888	5,949
Finance group	15,540	15,975
Research and development	9,709	10,035
Rental and operating leases	8,807	9,235
Bad debts written off:		
Appliances	372	914
Finance New Zealand	2,176	2,400
Movement in provision for doubtful debts:		
Appliances	365	(125)
Finance New Zealand	(723)	(948)
Directors' fees	156	-
Abnormal items:		
Separation costs	36,019	-
Including \$1,417,000 paid to parent company auditor and \$1,496,000 paid to other auditors of the group.		
Restructuring and asset impairment writedown	-	10,191

Abnormal costs of \$36.0 million (\$26.2 million after tax), were incurred to separate the Appliances and Finance businesses from Fisher & Paykel Industries Limited. This was within the \$25-\$30 million after tax cost estimate included in the Information Memorandum prepared for shareholders of Fisher & Paykel Industries Limited.

Pro forma Financial Information

Fisher & Paykel Appliances Holdings Limited

SEGMENTS

The Group's principal activities are the manufacture and sale of household appliances with their major markets being Australia, New Zealand and the United States; and Finance to support the sale of the Groups products, a New Zealand activity.

Industry Segments for continuing operations representing Trading for the full 12 months

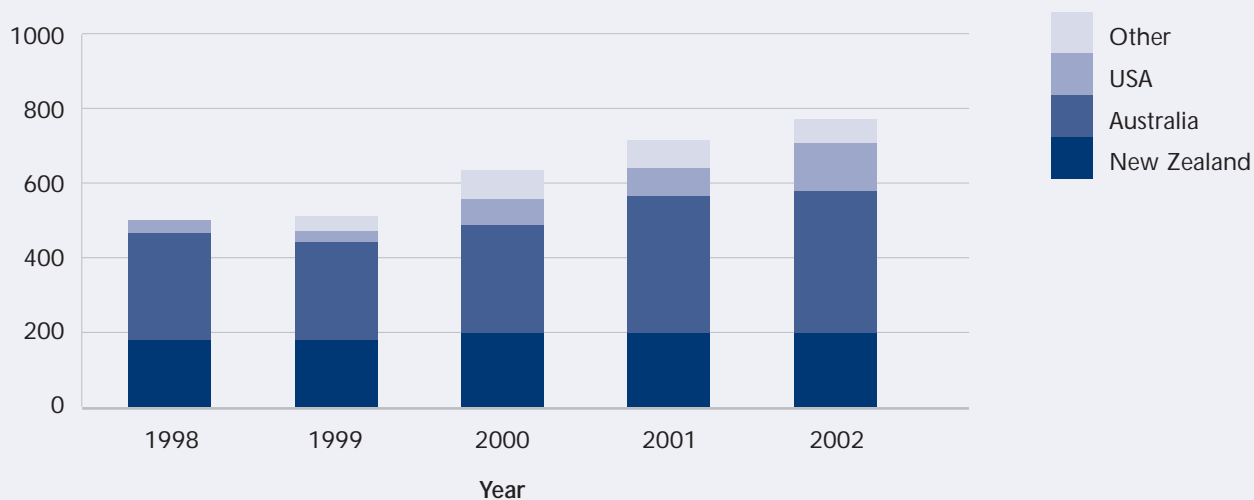
Pro forma 2002	Finance \$000	Appliances \$000	Investment in Healthcare \$000	Separation Costs \$000	Total Operations \$000
Operating revenue	40,220	763,239	-	-	803,459
Operating profit before interest, taxation and abnormals	6,255	63,580	-	-	69,835
EBIT	6,255	67,110	-	(36,019)	37,346
Depreciation	(2,894)	(34,748)	-	-	(37,642)
Capital expenditure	1,135	20,679	-	-	21,814
Assets	268,863	485,676	230,862	-	985,401
Pro forma 2001	Finance \$000	Appliances \$000			Total Operations \$000
Operating revenue	37,511	693,227			730,738
Operating profit before interest, taxation and abnormals	6,262	44,021			50,283
EBIT	6,021	1,463			7,484
Depreciation	(2,138)	(41,520)			(43,658)
Capital expenditure	1,966	34,037			36,003
Assets	273,822	536,395			810,217

Unaudited Pro forma Five Year Financial Summary

Fisher & Paykel Appliances Holdings Limited

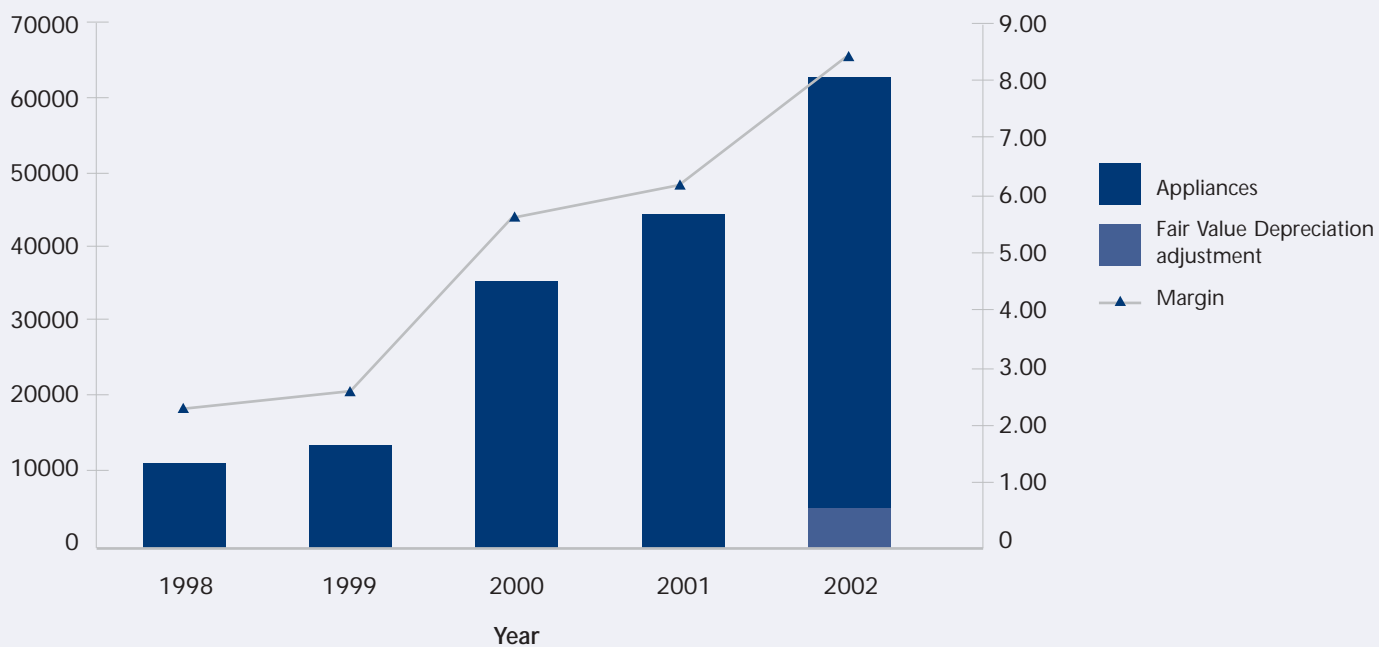
Appliances Operating Revenue

\$ Millions



Appliances Operating Profit before Interest, Taxation and Abnormals

\$'000



Group Structure

Fisher & Paykel Appliances Holdings Limited

* FISHER & PAYKEL APPLIANCES HOLDINGS LIMITED owns:

* AF Investments Limited

AF INVESTMENTS LIMITED owns:

* Fisher & Paykel Appliances Limited
Fisher & Paykel Finance Limited

FISHER & PAYKEL APPLIANCES LIMITED owns:

* Allied Industries Limited
Fisher & Paykel Appliances Inc (USA)
Fisher & Paykel Appliances Limited (UK)
* Fisher & Paykel Production Machinery Limited
Fisher & Paykel (Singapore) Pte Limited

ALLIED INDUSTRIES LIMITED owns:

Australian Subsidiaries:

* Fisher & Paykel Australia Holdings Limited
* Fisher & Paykel Australia Pty Limited
Fisher & Paykel Customer Services Pty Limited
Fisher & Paykel Finance Pty Limited

FISHER & PAYKEL FINANCE LIMITED owns:

CIS Insurance Limited
Commercial Finance Limited
Consumer Finance Corporation Limited
Consumer Insurance Services Limited
Consumer Finance Limited
Burtlea Investments No. 93 Limited
Equipment Finance Limited
E claims.Co NZ Limited
Lifestyle Finance Limited
*Fisher & Paykel Finance Limited Group
operates under its own Debenture Trust Deed.*

* Companies operating under a negative pledge agreement.

All companies are wholly owned.

Shareholder Information

Fisher & Paykel Appliances Holdings Limited

Size of Holdings	Number of Holders	%	Ordinary Shares Number of Shares	%
1 – 100	683	7.96	27,650	0.04
101 – 1,000	4,793	55.85	2,291,887	3.53
1,001 – 5,000	2,577	30.03	5,205,185	8.01
5,001 – 10,000	268	3.12	1,791,919	2.76
Over 10,000	261	3.04	55,681,088	85.66
	8,582	100.00	64,997,729	100.00

The details set out above were as at 1 June 2002.

Substantial Security Holders

Pursuant to Section 26 of the Securities Amendment Act 1988,
the substantial security holders as at 4 June 2002 were as follows:

	Ordinary Shares
Commonwealth Bank of Australia (notice dated 26 November 2001)	3,769,688
Caledonia Investments Limited & Associated Entities (notice dated 28 November 2001)	3,317,507
AMP Asset Management NZ Ltd (notice dated 18 December 2001)	4,305,268
AXA Asia Pacific Holdings Ltd (notice dated 4 June 2002)	4,896,905

Principal Shareholders

The names and holdings of the twenty largest registered shareholders as at 1 June 2002 were:

Holder		%
New Zealand Central Securities	37,494,588	57.68
Caledonia Investments Limited	1,750,587	2.69
John William Gilks & Colin James Maiden	1,668,632	2.56
National Nominees Limited	1,258,405	1.93
Perpetual Trustee Company Limited	1,255,000	1.93
Maurice Paykel & Nigel Thomas Evans - Woolf Fisher Trust	738,003	1.13
Gurshon Fisher	578,379	0.88
Gurshon Fisher Gus Fisher Family A/c	556,423	0.85
Joyce Fisher & Anthony John James Agar & Graeme Louis Collinson & Noel Stuart Robinson	553,652	0.85
Eltub Nominees Limited	476,100	0.73
Joyce Fisher	428,248	0.65
Gary Albert Paykel & Dorothy Mary Paykel	387,510	0.59
Custodial Services Limited	377,249	0.58
Alfred Street Nominees Pty Limited	259,280	0.39
William Lindsay Gillanders & Gary Albert Paykel	258,842	0.39
Maurice Paykel	249,141	0.38
Fortis Clearing Nominees P/L	202,696	0.31
Robert Michael Lerner & John Keith Radley	199,678	0.30
Florence Robinson	189,773	0.29
Michael John Fisher & Gurshon Fisher & Geoffrey Robertson Ashley Hosking	179,755	0.27

New Zealand Central Securities Depository Limited provides a custodial depository service to institutional shareholders and does not have a beneficial interest in these shares. Its major holders as at 1 June 2002 were:

Accident Compensation Corporation	1,134,400
AMP Life Limited	1,338,426
ANZ Nominees Limited	1,791,157
Citibank Nominees (New Zealand) Limited	5,491,916
The National Mutual Life Association of Australasia Limited	1,975,937
National Nominees New Zealand Limited	8,022,949
Premier Nominees Limited – Armstrong Jones New Zealand Share Fund	1,150,206
The Trustees Executors and Agency Company of New Zealand Limited	1,892,432
Westpac Banking Corporation – Client Assets	5,616,115

A number of these registered shareholders hold shares as nominees on behalf of other parties.

Shareholder Information continued

Fisher & Paykel Appliances Holdings Limited

Directors' Shareholdings

Directors held interests in the following shares in the Company at 31 March 2002:

	2002 Ordinary Shares
J H Bongard – options	80,000
beneficially owned	51,761
not beneficially owned	1,134,185
N M T Geary – beneficially owned	2,536
J W Gilks – beneficially owned	4,692
not beneficially owned	1,682,923
held by an associated person	11,000
W L Gillanders – beneficially owned	84,143
not beneficially owned	274,576
held by an associated person	1,425
G A Paykel – beneficially owned	85,188
not beneficially owned	1,443,186
held by an associated person	637,449
B M Wickham – beneficially owned	6,000
J J A Williams – beneficially owned	233,153
held by an associated person	8,448

Note: To meet Stock Exchange requirements, the same shares may be included in more than one category.

Share Dealings by Directors

In accordance with Section 148 (2) of the Companies Act 1993, the Board has received disclosures from the Directors named below of acquisitions of relevant interests in the Company between 12 November 2001 and 31 March 2002.

Particulars of such disclosures are:

Ms B M Wickham acquired 6,000 shares on 12 March 2002 at \$10.92 per share.

Mr J H Bongard acquired, on 13 November 2001, an interest in 80,000 options issued under the 2001 Share Option Plan.

Pursuant with the terms of the Executive Share Purchase Scheme, shares were transferred on 22 November 2001 to Messrs J H Bongard (13,750 shares), W L Gillanders (26,125 shares), G A Paykel (27,500 shares) and J J A Williams and an associated person (27,500 shares).

Pursuant with the terms of the Employee Share Purchase Scheme, shares were transferred on 10 January 2002 to Messrs W L Gillanders (248 shares) and J J A Williams (248 shares).

Disclosure of Interests by Directors

Fisher & Paykel Appliances Holdings Limited

In accordance with Section 140 (2) of the Companies Act 1993, the Directors named below have made a general disclosure of interest, by a general notice disclosed to the Board and entered in the Company's interests register.

General notices of interest were given by these Directors:

J H BONGARD is a Director of:

Fisher & Paykel Appliances Employee Share Purchase Trustee Ltd
Fisher & Paykel Trustee Limited

N M T GEARY is Chairman of:

Auckland Packaging Co Ltd
Budget Rent A Car Limited
Gough Holdings Limited and Subsidiaries
Owens Group Limited and Subsidiaries
Rangatira Limited and Subsidiaries
Vita NZ Ltd

and a Director of:

Comalco New Zealand Limited
Foodland Associated Limited
Heath Lambert New Zealand Limited Advisory Board
NBNZ Holdings Limited and Subsidiaries
Otago Innovation Limited
and a Board member of:
NZ Institute of Economic Research

J W GILKS is Chairman of:

Port Otago Limited and Subsidiaries
and a Director of:
Chalmers Properties Limited
Dublin Bay Investments Limited
St Andrews Group Limited and Subsidiaries
Philip Laing House Limited

Pacific Edge Biotechnology Limited
The National Bank of New Zealand Limited
and a Trustee of:

Fisher & Paykel Executive Share Purchase Scheme

W L GILLANDERS is a Director of:

Fisher & Paykel Healthcare Corporation Limited
Fisher & Paykel Trustee Limited

LRS Management Limited

and a Trustee of:

Fisher & Paykel Employee Share Purchase Scheme

P D LUCAS is a Director of:

Tegel Foods Limited
Ross Poultry NZ Limited

G A PAYKEL is Chairman of:

Fisher & Paykel Healthcare Corporation Limited
Panprint Limited
and a Director of:

Sport Drinks (NZ) Limited
Fisher & Paykel Healthcare Employee Share Purchase Trustee Limited
Fisher & Paykel Appliances Employee Share Purchase Trustee Limited
Fisher & Paykel Trustee Limited
Sport Sunshine Limited
Howgate Holdings Limited
Levante Holdings Limited
Lady Ruby Investments Limited
New Zealand 93 Limited
and a Trustee of:
Fisher & Paykel Employee Share Purchase Scheme

R G WATERS is a Director of:

Argie Pty Ltd
Fletcher Building Limited
Fletcher Building Share Schemes Limited
and a Trustee of:
Waters Superannuation Trust

B M WICKHAM is a Director of:

Auckland UniServices Limited
The Great New Zealand Business Venture Limited
Idealab Limited
Industry New Zealand
Sky City Entertainment Group Limited
The IceHouse Limited
and a Trustee of:
Competitive Auckland Charitable Trust

J J A WILLIAMS is a Trustee of:

The Point View Family Trust

Directors Indemnity and Insurance

The Group has arranged, as provided for under its Constitution, policies for Directors and Officers Liability Insurance which, with a Deed of Indemnity, entered into with all Directors, ensures that generally Directors will incur no monetary loss as a result of actions undertaken by them as Directors. Certain actions are specifically excluded, for example, the incurring of penalties and fines, which may be imposed in respect of breaches of the law.

Use of Company Information

There were no notices from Directors of the Company requesting to use Company information received in their capacity as Directors, which would not otherwise have been available to them.

Executive and Directory

Fisher & Paykel Appliances Holdings Limited

EXECUTIVE

Executive Chairman

Gary Paykel

Appliances

John Bongard (Managing Director)

Stuart Broadhurst

Brett Butterworth

Don Cooper

Christian Gianni

Malcolm Harris

Brian Nowell

Mark Richardson

John Wardrop

Finance New Zealand

Alastair Macfarlane (General Manager)

Dennis Churches

DIRECTORY

Fisher & Paykel Appliances Holdings Ltd

Registered Office

78 Springs Road

East Tamaki

Auckland

New Zealand

Postal Address

PO Box 58546

Greenmount

Auckland

New Zealand

Internet Address

www.fisherpaykel.com

e-Mail

customer.care@fp.co.nz

Share Registry

Computershare Investor Services Limited

Private Bag 92119

Auckland 1020

New Zealand

Telephone: (64) (9) 4888777

Facsimile: (64) (9) 4888787

Fisher & Paykel Finance Limited

Registered Office and Location of Debenture Registry

31 Highbrook Drive

East Tamaki, Auckland

Private Bag 94014

South Auckland Mail Centre

New Zealand

Telephone: (64) (9) 525 8550

Facsimile: (64) (9) 525 8584



