

# **FISHER & PAYKEL APPLIANCES HOLDINGS LIMITED**

## **YEAR END INFORMATION**

12 months to 31 March 2005

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SUMMARY OF  
PRELIMINARY FULL YEAR REPORT ANNOUNCEMENT  
FOR DUAL NZSX/ASX LISTED ISSUERS

Name of Listed

Issuer: FISHER & PAYKEL APPLIANCES HOLDINGS LIMITED

For Year

Ended: 31 MARCH 2005

This report has been prepared in a manner which complies with generally accepted accounting practice and gives a true and fair view of the matters to which the report relates and is based on audited accounts.

Consolidated Operating Statement			
	Current Year NZ\$'000	* Up/Down %	Previous Corresponding Year NZ\$'000
Total operating revenue	1,038,733	10.7%	938,660
Operating Surplus (Deficit) before unusual items and tax	101,024	-17.5%	122,523
Unusual items for separate disclosure	-		-
Operating *Surplus (Deficit) before tax	101,024	-17.5%	122,523
Less tax on operating profit	32,463	-12.8%	37,217
Operating *Surplus (Deficit) after tax but before minority interests	68,561	-19.6%	85,306
Less minority interests	-		-
Equity earnings	-		-
Operating *Surplus (Deficit) after tax attributable to members of Listed Issuer	68,561	-19.6%	85,306
Extraordinary items after tax attributable to Members of the Listed Issuer	-		-
Operating Surplus (Deficit) and extraordinary items after tax attributable to Members of the Listed Issuer	68,561	-19.6%	85,306
Earnings per share	26cps	-21.2%	33cps
Final Dividend	9cps	-21.7%	11.5cps
Record Date	3 June 05		
Date Payable	13 June 05		
Imputation tax credit on latest dividend	49.25373%		

Short details of any bonus or rights issue or other item(s) of importance not previously released to the market:

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 Nil
 

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**APPENDIX I (Rule 10.4)**  
**PRELIMINARY FULL YEAR REPORT ANNOUNCEMENT**

**FISHER & PAYKEL APPLIANCES HOLDINGS LIMITED**

(Name of Listed Issuer)

For \*Full Year Ended 31/03/05  
(referred to in this Report as the 'Current Full Year')

(Date) 19/5/05

Preliminary full year report on consolidated results (including the results for the previous corresponding full year) in accordance with Listing Rule 10.4.2.

This report has been prepared in a manner which complies with generally accepted accounting practice and audite gives a true and fair view of the matters to which the report relates [see Note (X) attached and is based on auditor is to be attached.

The Listed Issuer has a formally constituted Audit Committee of the Board of Directors.

<b>CONSOLIDATED STATEMENT OF FINANCIAL PERFORMANCE</b>				
1	<b>CONSOLIDATED STATEMENT OF FINANCIAL PERFORMANCE</b>	Current *Full Year NZ\$'000	*Up/Down %	Previous Corresponding *Full Year NZ\$'000
1.1	<b>OPERATING REVENUE</b>			
	(a) Trading Revenue	1,038,358	11.9%	927,867
	(b) Other Revenue	375	-96.5%	10,793
	(c) Total Operating Revenue	1,038,733	10.7%	938,660
1.2	<b>OPERATING *SURPLUS (DEFICIT) BEFORE TAXATION</b>	101,024	-17.5%	122,523
	(a) Less tax on Operating result	32,463	-12.8%	37,217
1.3	<b>OPERATING *SURPLUS AFTER TAX</b>	68,561	-19.6%	85,306
	(a) Extraordinary Items after Tax [detail in Item 3]	-		-
	(b) Unrealised net change in value of investment properties	-		-
1.4	<b>NET * SURPLUS (DEFICIT) FOR THE PERIOD</b>	68,561	-19.6%	85,306
	(a) Net Surplus (Deficit) attributable to members	-		-
1.5	<b>NET * SURPLUS (DEFICIT) ATTRIBUTABLE TO MEMBERS OF THE LISTED ISSUER</b>	68,561	-19.6%	85,306

<b>CONSOLIDATED STATEMENT OF FINANCIAL PERFORMANCE</b>			
2	<b>DETAILS OF SPECIFIC RECEIPTS/OUTLAYS, REVENUES/EXPENSES FOR FULL YEAR</b>	Current *Full Year NZ\$'000	Previous Corresponding *Full Year NZ\$'000
2.1	<b>INCLUDED IN CONSOLIDATED STATEMENT OF FINANCIAL PERFORMANCE</b>		
	(a) Interest revenue included in Item 1.1(b)	375	609
	(b) # Unusual items for separate disclosure (detail - item 3)	-	-
	(c) Equity earnings [detail - item 16]	-	-
	(d) Interest expense included in Item 1.2 (included all forms of interest, etc)	40,049	27,776
	(e) Leasing and Renting expenses	11,391	9,658
	(f) Depreciation	30,665	28,044
	(g) Diminution in the value of assets (other than depreciation)	-	-
	(h) Amortisation of Goodwill	2,182	662
	(i) Amortisation of other intangible assets	5,934	2,680
	(j) Impairment of goodwill	-	-
	(k) Impairment of other intangible assets	-	-
2.2	<b>SUPPLEMENTARY ITEMS</b>		
	(a) # Interest costs excluded from item 2.1(d) and capitalised	-	-
	(b) # Outlays (other than those arising from the acquisition of an existing business) capitalised in intangibles	-	-
	(c) Unrecognised differences between the carrying value and market value of publicly traded investments	-	-

# Items marked in this way need ne shown only where their inclusion as revenue or exclusion from expenses has had a material effect on reported \*surplus (deficit)

3	DISCONTINUED, UNUSUAL (INCLUDING NON RECURRING), AND EXTRAORDINARY ITEMS OF THE GROUP DETAILS AND COMMENTS	GROUP - CURRENT *FULL YEAR	
		Operating Revenue NZ\$'000	Operating Surplus NZ\$'000
	<b>Discontinued Activities</b>		
	(Disclose Operating Revenue and Operating Surplus)		
	<b>TOTAL DISCONTINUED ACTIVITIES</b>	-	-
	<b>Material Unusual</b> (including Non Recurring) Items (included in 1.2)		
	Description		
	<b>TOTAL MATERIAL NON RECURRING ITEMS</b>	-	-
	<b>Extraordinary Items</b> (Ref. Item 1.3(a))		
	Description		
	<b>TOTAL EXTRAORDINARY ITEMS</b>	-	-

4	STATEMENTS OF MOVEMENTS IN EQUITY	STATEMENT OF MOVEMENTS IN EQUITY	
		Operating Revenue NZ\$'000	Operating Surplus NZ\$'000
	<b>* NET SURPLUS (DEFICIT) ATTRIBUTABLE TO MEMBERS OF LISTED ISSUER</b>		
		68,561	85,306
	(a) *Net Surplus (Deficit attributable to minority interest)	-	-
	<b>OTHER RECOGNISED REVENUES AND EXPENSES</b>		
	(a) Increases (decreases) in Revaluation Reserve	-	-
	(b) Currency Translation Differences	(3,715)	(1,199)
	(c) Minority interest in other recognised revenue and expenses		
	<b>TOTAL RECOGNISED REVENUES AND EXPENSES</b>	64,846	84,107
	<b>OTHER MOVEMENTS</b>		
	(a) Contributions by Owners	4,857	4,257
	(b) Distributions to Owners	(53,808)	(103,969)
	(c) Other	-	-
	<b>EQUITY AT BEGINNING OF FULL YEAR</b>	560,175	575,780
	<b>EQUITY AT END OF FULL YEAR</b>	576,070	560,175

5 EARNINGS PER SECURITY Calculation of basic and fully diluted, EPS in accordance with IAS33: Earnings Per Share		EARNINGS PER SECURITY	
		Current Full Year NZ cents	Previous Corresponding *Full Year NZ cents
(a)	Basic EPS	26	33
(b)	Diluted EPS (if materially different from (a))	25	32

6 MATERIAL ACQUISITIONS OF SUBSIDIARIES [see Note (VII) attached]			
(a)	Name of subsidiary or group of subsidiaries	Dynamic Cooking Systems Farmers Finance	
(b)	Percentage of ownership acquired	100%	100%
(c)	Contribution to consolidated net *Surplus (Deficit) (item 1.4)	\$ 4,129	3,254
(d)	Date from which such contribution has been calculated	8 October 2004	1 November 2003
		\$	

7 MATERIAL DISPOSALS OF SUBSIDIARIES [See Note (VII) attached]			
(a)	Name of subsidiary or group of subsidiaries	N.A.	N.A.
(b)	Contribution of subsidiaries to consolidated net *Surplus (Deficit) (item 1.4)	\$	
(c)	Date to which such contribution has been calculated		
(d)	Contribution to consolidated net *Surplus (Deficit) (item 1.4) for the previous corresponding Full Year	\$	
(e)	Contribution to consolidated net *surplus (deficit) (item 1.4) from sale of subsidiary	\$	

#### 8 REPORTS FOR INDUSTRY AND GEOGRAPHICAL SEGMENTS

Information on the industry and geographical segments of the Listed Issuer is to be reported for the \*full year in accordance with the provisions of SSAP:23: Financial Reporting for Segments. Because of the differing nature and extent of segments among Listed Issuers, no complete proforma is provided, and the segment information should be completed separately and attached to this report. However, the following shows a suitable list of items for presentation and indicates which amounts should agree with items included elsewhere in the \*full year report

##### SEGMENTS

###### Industry

Operating revenue:

- Sales to customers outside the group
- Intersegment sales
- Unallocated revenue

Refer Attached

Total revenue [consolidated total equal to Item 1.1(c) above]

Segment result

Unallocated expenses

Operating surplus (Deficit) after tax [Item 1.3]

Segment assets

Unallocated assets

Total assets [Equal to Item 9.3]

###### Geographical

Operating revenue:

- Sales to customers outside the group
- Intersegment sales
- Unallocated revenue

Refer Attached

Total revenue [consolidated total equal to Item 1.1(c) above]

Segment result

Unallocated expenses

Operating surplus (Deficit) after tax [Item 1.3]

Segment assets

Unallocated assets

Total assets [Equal to Item 9.3]



		<b>CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE FULL YEAR</b>	
(See Note (IX) attached )		Current *Full Year NZ\$'000	Previous Corresponding *Full Year NZ\$'000
<b>10 CASH FLOWS RELATING TO OPERATING ACTIVITIES</b>			
(a)	Receipts from Customers	884,661	854,050
(b)	Interest Received	132,601	69,763
(c)	Dividends Received	-	10,184
(d)	Payments to Suppliers and Employees	(912,303)	(734,412)
(e)	Interest Paid	(39,181)	(28,055)
(f)	Income Taxes Paid	(37,404)	(31,078)
(g)	Other		
<b>NET OPERATING CASH FLOWS</b>		28,374	140,452

<b>11 CASH FLOWS RELATING TO INVESTING ACTIVITIES</b>			
(a)	Cash proceeds from sale of property, plant and equipment	2,380	214
(b)	Cash proceeds from sale of equity investments	-	-
(c)	Loans repaid by other entities	667,234	442,082
(d)	Cash paid for purchases of property, plant and equipment	(76,091)	(44,703)
(e)	Interest paid - capitalised	-	-
(f)	Cash paid for purchases of equity investments	-	-
(g)	Loans to other entities	(680,137)	(468,754)
(h)	Other	(50,820)	41,420
<b>NET INVESTING CASH FLOWS</b>		(137,434)	(29,741)

[See Note (IX) attached]

<b>12 CASH FLOWS RELATED TO FINANCING ACTIVITIES</b>			
(a)	Cash proceeds from issues of shares, options, etc.	1,267	(1,917)
(b)	Borrowings	240,691	54,057
(c)	Repayment of borrowings	(61,670)	(68,763)
(d)	Dividends paid	(53,808)	(103,969)
(e)	Other cashflows relating to financing activities	1,400	(2,355)
<b>NET FINANCING CASH FLOWS</b>		127,880	(122,947)

[See Note (IX) attached]

<b>13 NET INCREASE (DECREASE) IN CASH HELD</b>			
(a)	Cash at beginning of *full year	18,820	(12,236)
	Cash obtained from acquisition	5,867	(4,013)
	Cash obtained from acquisition	(3,867)	21,457
(b)	Exchange rate adjustments to Item 12.3(a) above	3,321	659
(c)	<b>CASH AT END OF FULL YEAR</b>	24,141	5,867

**14 NON-CASH FINANCING AND INVESTING ACTIVITIES**

Provide details of financing and investing transactions which have had a material effect on group assets and liabilities but did not involve cash flows.

Nil

**15 RECONCILIATION OF CASH**

For the purposes of the above Statement of Cash Flows, Cash includes

Cash at the end of the \*full year as shown in the statement of cash flows is reconciled to the related items in the financial statements as follows

	Current *Full Year NZ\$'000	Previous Corresponding *Full Year NZ\$'000
Cash on Hand and at Bank	31,824	18,884
Deposits at call	-	-
Bank Overdraft	(7,683)	(13,017)
Other (provide details eg. Term Deposits)	-	-
<b>Total = Cash at End of *Full Year [Item 13(c) ]</b>	24,141	5,867

16	EQUITY ACCOUNTED ASSOCIATED COMPANIES AND OTHER MATERIAL INTERESTS	EQUITY ACCOUNTED EARNINGS FROM ASSOCIATES	
		Current *Full Year NZ\$'000	Previous Corresponding *Full Year NZ\$'000
Information attributable to the reporting group's share of investments in associates and other material interests to be disclosed by way of separate note below (refer FRS-38 "Accounting for Investments in Associates")			
16.1	<b>GROUP SHARE OF RESULTS IN ASSOCIATES</b>		
	(a) OPERATING *SURPLUS (DEFICIT) BEFORE TAX	-	-
	(b) Less tax	-	-
	(c) OPERATING *SURPLUS (DEFICIT) AFTER TAX	-	-
	(i) Extraordinary items (gross)	-	-
	(d) NET *SURPLUS (DEFICIT) AND EXTRAORDINARY ITEMS AFTER TAX	-	-

16.2 MATERIAL INTERESTS IN CORPORATIONS NOT BEING SUBSIDIARIES:

(a) The group has a material (from group's viewpoint) interest in the following corporations:

Name	Percentage of ordinary shares held at end of full year		Contribution to net surplus (deficit) (item 1.5)	
	Current *Full Year	Previous Corresponding *Full Year	Current *Full Year NZ\$'000	Previous Corresponding *Full Year NZ\$'000
<b>Equity Accounted Associates</b>			<b>Equity Accounted in current year</b>	
<b>Other Material Interests</b>			<b>Not Equity Accounted in current year</b>	
Fisher & Paykel Healthcare Corporation Limited	Nil	Nil	-	10,106

(b) INVESTMENTS IN ASSOCIATES

Carrying value of investments in associates at the beginning of the full year  
Share of changes in associates' post acquisition surplus/ and reserves:  
- Retained surplus  
- Reserves  
Net goodwill amortisation and impairment adjustments in the period  
Less Dividends received in the period  
**Equity carrying value of investments at the end of the full year**  
**Amount of goodwill included in the carrying value at the end of the full year**

EQUITY ACCOUNTED INVESTMENTS IN ASSOCIATES	
Current *Full Year NZ\$'000	Previous Corresponding *Full Year NZ\$'000
Nil	Nil
Nil	Nil

**17 ISSUED AND QUOTED SECURITIES AT END OF CURRENT FULL YEAR**

Category of Securities	Issued	Number	Quoted	Number	Cents	Paid-Up Value (If not fully paid)
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**PREFERENCE SHARES:**

# (Description)						
Issued during current *full year		Nil				

**ORDINARY SHARES:**

Ordinary Shares as at 31/3/05		263,822,358				
Issued during current full year		2,152,262				

**CONVERTIBLE NOTES**

# (Description)						
Issued during current *full year		Nil				

**OPTIONS:**

		Exercise Price	Expiry Date
Issued during current full year	5,940,000	4.19	Aug-09

**DEBENTURES - Totals only:**  
**UNSECURED NOTES - Totals only:**  
**OTHER SECURITIES**

# Description includes rate of dividend or interest and any redemption or conversion rights together with the prices and dates thereof.

**18 COMMENTS BY DIRECTORS**

If no report in any section, state NIL. If insufficient space below, provide details in the pages attached to this report

- (a) Material factors affecting the revenues and expenses for the current full year  
 ..... Refer Attached .....
- (b) Significant trends or events since the end of the current full year  
 ..... Refer Attached .....
- (c) Changes in accounting policies since last Annual Report  
 ..... Nil .....
- (d) Critical Accounting Policies - Management believes the following to be critical accounting policies  
 That is they are both important to the portrayal of the issuers financial condition and results  
 as they require management to make judgements and estimates about matters they are  
 inherently uncertain  
 .....
- (e) Managements discussion and analysis of financial condition, result, and/or operations (optional)  
 This section should contain forward looking statements that should outline where these involved  
 risk and uncertainty  
 Refer Attached  
 .....
- (f) Other Comments  
 Refer Attached  
 .....

**19 DIVIDENDS**

(a) Dividend yield as at Balance Date % (Annual dividend per share divided by price per share)	10.3%
(b) Tax Adjusted Dividend Yield as at Balance Sheet % (Annual net dividend per share divided by price per share)	6.9%

**20 ANNUAL MEETING**

- (a) To be held at Ellerslie Conventon Centre
- (b) Date 22 August 2005 Time 2pm
- (c) Approximate date of availability of Annual Report 30 June 2005

If this full year report was approved by resolution of the Board of Directors, please indicate date of meeting: 19 May 2005

*H. O. McLean*

(signed by) Authorised Officer of Listed Issuer 19 May 2005  
(date)

PRELIMINARY FULL YEAR REPORT ANNOUNCEMENT  
Appendix 7 of Listing Rules.

TO FAX ++64-4-473-1470

Notice of event affecting securities

New Zealand Stock Exchange Listing Rule 7.12.2. For rights, Listing Rules 7.10.9 and 7.10.10  
For change to allotment, Listing Rule 7.12.1, a separate advice is required

Number of pages including this one  
(Please provide any other relevant  
details on additional pages)

Full name audited account	FISHER & PAYKEL APPLIANCES HOLDINGS LIMITED		
Name of officer authorised to make this notice	M.D. RICHARDSON	Authority for event, e.g. Directors' resolution	DIRECTORS RESOLUTION
Contact phone number	(09) 273 0592	Contact fax number	(09) 273 0609
		Date	19 / 05 / 2005

<b>Nature of event</b> Tick as appropriate	Bonus Issue <input type="checkbox"/>	If ticked, state whether:	Taxable <input type="checkbox"/>	/ Non Taxable <input type="checkbox"/>	Conversion <input type="checkbox"/>	Interest <input type="checkbox"/>	Rights Issue Renounceable <input type="checkbox"/>
	Rights Issue non-renounceable <input type="checkbox"/>	Capital change <input type="checkbox"/>	Call <input type="checkbox"/>	Dividend <input checked="" type="checkbox"/>	If ticked, state whether: Interim <input type="checkbox"/>	Full Year <input checked="" type="checkbox"/>	Special <input type="checkbox"/>

**EXISTING securities affected by this** *If more than one security is affected by the event, use a separate form*

Description of the class of securities	ORDINARY SHARES	ISIN	NZFPAE0001S2
			<i>If unknown, contact NZSE</i>

**Details of securities issued pursuant to this event** *If more than one class of security is to be issued, use a separate form for each class*

Description of the class of securities		ISIN	
			<i>If unknown, contact NZSE</i>

Number of Securities to be issued following event		Minimum Entitlement		Ratio, e.g ① for ②		for	
Conversion, Maturity, Call Payable or Exercise Date		Treatment of Fractions					
Strike price per security for any issue in lieu or date Strike Price available.		Tick if pari passu <input type="checkbox"/>	OR	provide an explanation of the ranking			

**Monies Associated with Event** *Dividend payable, Call payable, Exercise price, Conversion price, Redemption price, Application money.*

<i>In dollars and cents</i>	Amount per security	\$0.09000	Source of Payment	Revenue Reserves
Currency	New Zealand Dollars		Supplementary dividend details - Listing Rule 7.12.7	Amount per security in dollars and cents
Total monies	\$23,744,012			Date Payable
				13 June, 2005

**Taxation** *Amount per Security in Dollars and cents to six decimal places*

In the case of a taxable bonus issue state strike price	\$	Resident Withholding Tax	\$ Nil	Credits (Give details)	\$0.044325
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**Timing** (Refer Appendix 8 in the Listing Rules)

<b>Record Date 5pm</b> For calculation of entitlements - must be the last business day of a week	3 June, 2005	<b>Application Date</b> Also, Call Payable, Dividend / Interest Payable, Exercise Date, Conversion Date. In the case of applications this must be the last business day of the week.	13 June, 2005
<b>Notice Date</b> Entitlement letters, call notices, conversion notices mailed		<b>Allotment Date</b> For the issue of new securities. Must be within 5 business days of record date.	

OFFICE USE ONLY

Ex Date:  
Commence Quoting Rights:  
Cease Quoting Rights 5pm:  
Commence Quoting New Securities:  
Cease Quoting Old Security 5pm:

Security Code:  
Security Code:

**NZSE**  
New Zealand  
Stock Exchange

# Fisher & Paykel Appliances Holdings Limited

## Financial Results for the Year Ended 31 March 2005

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FPA ASX / NZX RELEASE 19 MAY 2005

### GLOBAL GROWTH CONTINUES

The Directors of Fisher & Paykel Appliances Holdings Limited have today announced a result of \$68.6 million net profit after tax for the year ended 31 March 2005 – slightly above the guidance given to the markets on 2 February 2005.

Highlights for the year include:

- total Group revenue exceeded \$1 billion for the first time,
- record Appliances unit sales,
- continued growth in Appliances revenues in the USA,
- the acquisition of Dynamic Cooking Systems Inc,
- the strong performance of the Finance Group.

Appliances sales units continued to grow to a record high of 1,267,600 units compared to 1,196,700 units for the previous year.

The recently acquired Dynamic Cooking Systems (DCS) business traded well ahead of acquisition expectations.

The Finance Group contributed \$38.0 million before interest, taxation and amortisation. Its results included a full 12 months contribution from the Farmers Finance business, which was acquired in November 2003. Growth in transactions on the instalment hire purchase 'Q' Card, improvements in the cost-to-income ratio and effective interest rate management all assisted in the profitable growth of this business.

There were no abnormal items for the current or previous year.

## NET PROFIT PERFORMANCE

The result is summarised in the table below:

	<b>2005 NZ\$000</b>	<b>2004 NZ\$000</b>	<b>% Change</b>
Operating Profit before Interest, Taxation and Amortisation			
▪ Appliances	77,350	102,109	(24.2)
▪ Finance	38,021	21,032	80.8
	115,371	123,141	(6.3)
▪ Healthcare Dividend	-	10,106	-
	115,371	133,247	(13.4)
Operating Profit Before Interest and Taxation			
▪ Appliances	77,223	102,109	(24.4)
▪ Finance	30,032	17,690	69.8
	107,255	119,799	(10.5)
▪ Healthcare Dividend	-	10,106	-
	107,255	129,905	(17.4)
Interest Expense	(6,231)	(7,382)	15.6
Operating Profit Before Taxation	101,024	122,523	(17.5)
Taxation	(32,463)	(37,217)	12.8
<b>Profit After Taxation</b>	<b>68,561</b>	<b>85,306</b>	<b>(19.6)</b>

## REVENUE

Total revenue of \$1,038.7 million was up \$100.1 million (10.7 per cent) on the previous year.

A breakdown of revenue is set out below.

	<b>2005 NZ\$000</b>	<b>2004 NZ\$000</b>
Appliances		
▪ New Zealand	233,022	244,219
▪ Australia	379,892	418,860
▪ USA	261,115	139,662
▪ Singapore	7,394	8,766
▪ Europe	12,073	23,554
▪ Rest of World	20,744	17,687
<b>Total Appliance Revenue</b>	<b>914,240</b>	<b>852,748</b>
Finance New Zealand	124,118	75,119
Dividends	-	10,184
Interest	375	609
<b>Total Revenue</b>	<b>1,038,733</b>	<b>938,660</b>

## CASHFLOW

Cash flow from operations was \$28.4 million.

Working capital levels for the Appliances Group (inventories and trade debtors net of trade creditors) increased by \$87.8 million. This comprised:

	<b>\$ million</b>
Inventories	37.7
Trade Debtors	30.0
Trade Creditors	20.1
<b>Total Increase</b>	<b>87.8</b>

Approximately \$56 million of the increase in working capital is regarded as permanent to support the expansion in the USA, whereas the remaining \$31.8 million is due to temporary factors that will be realigned in the new financial year.

## DCS Acquisition

On 8 October 2004, the Company acquired all the shares in Dynamic Cooking Systems Inc (DCS), a leading USA manufacturer and distributor of premium cooking appliances. DCS commenced operations in 1987 and is considered one of the leading brands of high-end indoor and outdoor cooking appliances.

The total consideration paid for DCS was US\$33 million (NZ\$49.2 million) which was funded by debt. Details of the acquisition are as follows:

	<b>US\$ million</b>	<b>NZ\$ million</b>
<b>Total Assets</b>		
Current Assets	22.8	33.9
Property, Plant and Equipment	2.8	4.2
Other Assets	6.9	10.3
<b>Total Liabilities</b>	32.5	48.4
Current Liabilities	(30.6)	(45.6)
Net Current Assets Acquired	1.9	2.8
Brand/Goodwill Intangibles on Acquisition	32.2	48.0
<b>Total Acquisition Cost</b>	<b>34.1</b>	<b>50.8</b>
Comprised of:		
Consideration Paid	33.0	49.2
Capitalised Professional Fees	1.1	1.6
	34.1	50.8

## CAPITAL AND DEPRECIATION

Capital expenditure was as follows:

	<b>2005 NZ\$000</b>	<b>2004 NZ\$000</b>
Appliances	65,631	43,272
Finance	10,460	1,431

Appliances capital expenditure for the year included \$11.0 million invested in plant for the supply of components under the Whirlpool agreement and \$4.3 million for DCS.

The Finance Group invested \$10.5 million, essentially on the expansion of its premises at East Tamaki, Auckland, to accommodate the Farmers Finance business.

Depreciation charges for the year were:

	<b>2005 NZ\$000</b>	<b>2004 NZ\$000</b>
Appliances	28,980	26,474
Finance	1,685	1,570

## DIVIDEND AND EARNINGS PER SHARE

The Directors have approved a final dividend of 9.0 cents per share for the year ended 31 March 2005, carrying a full imputation credit. This brings the total dividend for the year to 18.0 cents per share. Non-resident shareholders will receive a supplementary dividend of 1.588 cents per share.

The final dividend will be paid on 13 June 2005, with a record date of 3 June 2005 for the NZX and an ex-dividend date of 30 May 2005 for the ASX and 7 June 2005 for the NZX.

Dividend payments per share over the past three years are summarised below. Dividends paid before 14 November 2003 are restated for the share subdivision that occurred on that date.

	<b>Cents Per Share</b>		
	<b>2004/05</b>	<b>2003/04</b>	<b>2002/03</b>
Interim	9.0	8.8	8.5
Final	9.0	11.5	10.0
Special *	-	21.0	-
<b>Total Dividend</b>	<b>18.0</b>	<b>41.3</b>	<b>18.5</b>
<b>Earnings Per Share</b>	<b>26.0</b>	<b>32.7</b>	<b>28.3</b>

\* Followed the sale of the shareholding in Fisher & Paykel Healthcare Corporation Limited.

## APPLIANCES

Appliances had a satisfactory trading performance, given unprecedented increases in raw material prices and ongoing intense competition in most markets.

	<b>2005 NZ\$000</b>	<b>2004 NZ\$000</b>
Total Appliances Revenue	914,550	853,311
Operating Profit Before Interest and Taxation	77,223	102,109
Assets Employed	675,720	485,450
Earnings to Sales Operating Margin	8.4%	12.0%

Operating profit before interest and taxation was \$77.2 million (\$102.1 million) for the year. The operating margin declined from 9.6 per cent in the first half to 7.4 per cent in the second half, resulting in an overall margin for the year of 8.4 per cent, which is still well above the industry average.

The margin erosion in the second half was due to a combination of increased raw material costs, adverse currency effects and a slowdown in production rates, which impacted the recovery of factory overheads. Output levels were adjusted to balance finished goods inventories following the slowdown in the New Zealand and Australian markets.

Overall, finished goods inventory levels are now appropriately balanced.

Global price increases for raw materials such as steel and plastics, which were apparent in the first half of the year, intensified during the second half. Furthermore, additional costs were incurred to achieve the new stringent Minimum Energy Performance Standards (MEPS) which were applied to refrigerators offered for sale in New Zealand and Australia from 1 January 2005.

A combination of price increases and a vigorous cost down programme has helped alleviate the full impact of these cost increases.

Appliances sales volumes grew by 5.9 per cent to exceed 1.26 million units for the year.

Unit sales are summarised as follows:

	Units		
	2005	Growth %	2004
New Zealand	304,500	(3.9)	316,900
Australia	637,200	(3.2)	658,400
USA	254,000	69.8	149,600
Singapore	11,500	(5.7)	12,200
Europe	17,200	(34.6)	26,300
Rest of World	43,200	29.7	33,300
<b>Total</b>	<b>1,267,600</b>	<b>5.9</b>	<b>1,196,700</b>

New Zealand sales volumes were down by 3.9 per cent due to difficult trading conditions and the impact of changes in distribution. The associated revenue was down by 4.7 per cent in NZD terms.

The reduction in Australian sales volumes was 3.2 per cent in line with a slow down in retail spending. Pricing of refrigerators was heavily discounted ahead of the release of the new MEPS compliant models leading to a 7.1 per cent fall in revenue in AUD terms. Price pressure also remained evident throughout the year.

The USA market continued to expand. At 254,000 units the growth amounted to 69.8 per cent (and a revenue increase of 103.6 per cent in USD terms). Some of this growth (20 percentage points in unit terms and 50.6 percentage points in revenue terms) was due to the acquisition of DCS with its sales of high-end indoor cooking appliances and outdoor grills. The number of retail outlets carrying the "DCS" and "Fisher & Paykel" brands continued to expand. The introduction of the new SmartLoad® dryer and a limited range of refrigerators provided additional opportunities in the market during the year, as did the sales of DishDrawer®

dishwashers to Whirlpool Corporation under the Original Equipment Manufacturing (OEM) arrangement. The USA is now the Company's second largest market and has high growth prospects.

Singapore continued to experience tight trading conditions. Unit sales declined by 5.7 per cent (with an 11.2 per cent decrease in revenue in SGD terms).

The entire European business, including the UK, showed a decline in unit volumes of 34.6 per cent, with 17,200 products sold during the year. Distribution issues are being addressed.

Rest of World unit sales were 43,200 units (33,300 last year), reflecting growth of 29.7 per cent. This was due to the continued development of commercial opportunities in Asia and new markets in the Middle East.

### Strategic Alliance

The important strategic alliance with Whirlpool Corporation continued to develop. In addition to the distribution arrangement in New Zealand, Fisher & Paykel Appliances is now responsible for the selling of Whirlpool branded products in Singapore. Supply of DishDrawer® dishwashers to Whirlpool USA commenced during the year. As previously indicated, components will be shipped to Whirlpool under the Component Supply arrangement from late 2005.

## FINANCE

	<b>2005 NZ\$000</b>	<b>2004 NZ\$000</b>
Revenue	124,183	75,243
Operating Profit Before Acquisition Interest, Taxation and Amortisation	38,021	21,032
Operating Profit Before Acquisition Interest and Taxation	30,032	17,690
Finance Receivables	567,367	565,619

The Finance Group performed strongly, with a \$38.0 million operating profit before acquisition interest, taxation and amortisation compared with \$21.0 million in the previous year. The result for the 2004 year included only five months' trading of the Farmers Finance business.

Growth in instalment credit lending was particularly strong on the Company's Q Card product. The Card's ease of use and innovative product features are available to approximately 400 retailers and a cardholder base of over 80,000 consumers throughout the country. Lending activities on Farmers Card have met expectations, and an increasing number of retail merchants are now accepting this Card.

Significant progress was made during the year on the integration of the Farmers Finance business into the Fisher & Paykel Finance business. Legal separation of the Farmers Finance business from the retail business was completed in July 2004 which enabled the existing securitisation funding programme to be transferred to the Fisher & Paykel Finance Group. All staff and operations are now located on the expanded East Tamaki facility.

Interest rates increased significantly during the year. The impact of these rate increases on borrowing costs was minimised through product repricing, together with effective interest rate risk management strategies and hedging policies. The Finance Group continues to borrow funds from the public at favourable rates due to its reputation in the Debenture Investment markets.

The introduction on 1 April 2005 of the new Credit Contracts & Consumer Finance Act necessitated a significant change to the systems and documentation used by the business. This project was successfully completed on time ensuring that the Company is in full compliance with the requirements of this new legislation.

## OUTLOOK

Continued strong growth is expected in the USA through both the Fisher & Paykel and DCS brands. The addition of DCS has accelerated the acceptance of the Fisher & Paykel brand at trade level. Consumer awareness of both brands has increased and planned future promotions will continue to grow this.

The transformation of the DCS manufacturing facility at Huntington Beach, Los Angeles, is on schedule and further substantial improvements will be made over the next year. The business is expected to meet the profit targets as previously advised (US\$7.7 million EBIT for the 2005 calendar year).

Notwithstanding some expected further softening in the markets in both Australia and New Zealand, the business is poised for volume growth. The recently announced distribution changes in New Zealand should result in a recovery of volumes in that market. In Australia, planned new model introductions will provide the opportunity to review some prices, but overall, volumes are expected to be lower in line with market conditions.

It is expected that the Appliances business will continue to remain under pressure from high raw material prices and the effects of the appreciated New Zealand dollar. Intense competition, especially in New Zealand and Australia, will limit the opportunities for further general price increases. The continued high value of the New Zealand dollar will have an adverse effect on earnings. Due to its exports, the

business has a substantial exposure against the Australian dollar and a growing exposure against the US dollar. Exports to Australia were converted to New Zealand dollars at an average hedged rate of 0.882 (on a net exposure basis) in 2004/05. Approximately 50 percent of Australian dollar net exposures are hedged at an average rate of 0.90 for 2005/06. As US dollar exports now exceed imports, 50 percent of the resulting net exposure has been hedged at an average exchange rate of 0.683 for 2005/06.

The distribution of Whirlpool branded product in Singapore commenced in April and will provide improved growth and benefits of scale for that business.

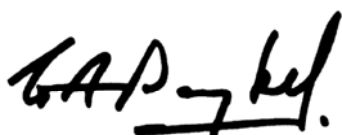
We have reviewed our distribution model in the United Kingdom and continue to monitor progress in Europe. Steady progress is expected.

We were pleased with our renewed growth in rest of world markets and expect further growth this year.

Capital expenditure for Appliances is expected to be approximately \$50 million in the 2005/06 year.

Now that the integration of Farmers Finance is nearly complete, the Finance Group is focussed on receivables growth. Q Card and Farmers Card will be offered to an increased range of merchants and consumers and new personal loan financing products will be launched later this calendar year.

As the business adjusts to the effects of higher raw material prices and currency movements, earnings in the 2005/06 first half are expected to be lower than the previous comparable period. The Directors expect that after tax earnings for the full 2005/06 financial year will be similar to the previous year.



**G A Paykel**  
Chairman  
19 May 2005

*Fisher & Paykel Appliances Holdings Limited will host a conference call to review the result and to discuss the outlook for the new financial year. Individuals wishing to listen to the webcast, **to be held today at 1.30 pm NZT; 11.30 am AEST**; can access the event at the Company's website – **fisherpaykel.com***

**The dial in numbers are:**

**New Zealand Toll Free** : **0800 449 118**  
**Australia Toll Free** : **1800 555 616**

# Statement of Financial Performance Fisher & Paykel Appliances Holdings Limited

For the year ended 31 March 2005

Parent			Notes	Consolidated	
2004 NZ\$000	2005 NZ\$000			2005 NZ\$000	2004 NZ\$000
76,376	<b>45,850</b>	Operating revenue	1	<b>1,038,733</b>	938,660
76,361	<b>45,850</b>	Operating profit before interest and taxation		<b>107,255</b>	129,905
-	-	Interest expense	2	<b>(6,231)</b>	(7,382)
76,361	<b>45,850</b>	Operating profit before taxation	2	<b>101,024</b>	122,523
(2,399)	<b>(6,508)</b>	Taxation	3	<b>(32,463)</b>	(37,217)
<b>73,962</b>	<b>39,342</b>	<b>Profit after taxation</b>		<b>68,561</b>	85,306

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

<b>Earnings per share</b>	<b>0.26</b>	<b>0.33</b>
<b>Diluted earnings per share</b>	<b>0.25</b>	<b>0.32</b>

# Statement of Financial Position Fisher & Paykel Appliances Holdings Limited

As at 31 March 2005

Parent		Notes	Appliances		Finance		Appliances		Finance	
2004 NZ\$000	2005 NZ\$000		Consolidated 2005 NZ\$000	Group 2005 NZ\$000	Group 2005 NZ\$000	Consolidated 2004 NZ\$000	Group 2004 NZ\$000	Group 2004 NZ\$000	Group 2004 NZ\$000	
<b>Assets</b>										
Current assets										
2	1									
			31,824	3,774	28,050	18,884	2,714	16,170		
15	22	4	134,292	127,670	6,622	91,554	80,641	10,913		
		5	351,451	-	351,451	341,041	-	341,041		
		6	186,734	186,734		134,418	134,418			
6,662	3,613	7	12,523	11,535	988	2,144	2,144	-		
394,682	388,116									
401,361	391,752		716,824	329,713	387,111	588,041	219,917	368,124		
Total current assets										
Non current assets										
		8	290,545	273,988	16,557	252,162	244,360	7,802		
158,814	184,318	11		218,291			227,122			
			3,344	2,305	1,039	4,972	3,917	1,055		
		5	215,916	-	215,916	224,578	-	224,578		
		9	194,049	45,402	148,647	157,066		157,066		
		12	29,021	24,312	4,709	18,909	17,256	1,653		
158,814	184,318		732,875	564,298	386,868	657,687	492,655	392,154		
560,175	576,070		1,449,699	894,011	773,979	1,245,728	712,572	760,278		
Total assets										
<b>Liabilities</b>										
Current liabilities										
		13	7,683	7,683		13,017	13,017			
		16	20,000	20,000						
			50,977	50,977		52,252	52,252			
		14	28,848	28,848		25,389	25,389			
		15	493,523		493,523	455,762		455,762		
		7	80	80		702	412	290		
		17	66,858	38,852	28,006	53,191	30,505	22,686		
-	-									
-	-		667,969	146,440	521,529	600,313	121,575	478,738		
Total current liabilities										
Term liabilities										
		16	157,903	157,903		16,743	16,743			
		15	34,159		34,159	54,418		54,418		
		14	13,598	13,598		14,079	14,079			
			205,660	171,501	34,159	85,240	30,822	54,418		
-	-		873,629	317,941	555,688	685,553	152,397	533,156		
Total Liabilities										
<b>Shareholders' equity</b>										
560,175	576,070	18	576,070	576,070		560,175	560,175			
					218,291			227,122		
560,175	576,070		576,070	576,070		560,175	560,175			
Total shareholders' equity										
560,175	576,070		1,449,699	894,011	773,979	1,245,728	712,572	760,278		
Total liabilities and shareholders' equity										

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

On behalf of the Board  
Date: 19 May 2005

G.A.Paykel  
Chairman

J.H.Bongard  
Managing Director and Chief Executive Officer

## Statement of Movements in Equity Fisher & Paykel Appliances Holdings Limited

For the year ended 31 March 2005

Parent			Consolidated	
2004	2005		2005	2004
NZ\$000	NZ\$000		NZ\$000	NZ\$000
575,780	<b>560,175</b>	Shareholders' equity at the beginning of the year	<b>560,175</b>	575,780
4,257	<b>4,857</b>	Issue of share capital	18 <b>4,857</b>	4,257
<u>4,257</u>	<u><b>4,857</b></u>		<u><b>4,857</b></u>	<u>4,257</u>
73,962	<b>39,342</b>	Profit after taxation	<b>68,561</b>	85,306
(103,969)	<b>(53,808)</b>	Dividends	18 <b>(53,808)</b>	(103,969)
10,145	<b>25,504</b>	Movement in revaluation reserve	18	
		Movement in currency translation reserve	18 <b>(3,715)</b>	(1,199)
<u>560,175</u>	<u><b>576,070</b></u>	Shareholders' equity at the end of the year	<u><b>576,070</b></u>	<u>560,175</u>

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

# Statement of Cash Flows Fisher & Paykel Appliances Holdings Limited

For the year ended 31 March 2005

Parent		Notes	Consolidated	
2004 NZ\$000	2005 NZ\$000		2005 NZ\$000	2004 NZ\$000
<b>Cash flows from (used in) operating activities</b>				
			884,661	854,050
			132,249	69,199
76,376	45,850		-	10,184
			352	564
(1,012)	(941)		(912,303)	(734,412)
			(37,404)	(31,078)
			(39,181)	(28,055)
75,364	44,909	19	28,374	140,452
<b>Cash flows from (used in) investing activities</b>				
			2,380	214
			667,234	442,082
			(76,091)	(44,703)
			(680,137)	(468,754)
			(50,820)	-
			-	(189,442)
230,862			-	230,862
-	-		-	-
230,862	-		(137,434)	(29,741)
<b>Cash flows from (used in) financing activities</b>				
-	-		1,267	(1,917)
			163,519	4,525
			77,172	49,532
			(1,542)	(31,861)
			(60,128)	(36,902)
4,257	4,857		4,857	4,257
(103,969)	(53,808)		(53,808)	(103,969)
(6,612)	(3,457)		(3,457)	(6,612)
(199,902)	7,498		-	-
(306,226)	(44,910)		127,880	(122,947)
-	(1)		18,820	(12,236)
2	2		5,867	(4,013)
			(3,867)	21,457
			3,321	659
2	1		24,141	5,867
<b>Reconciliation of closing cash</b>				
2	1		31,824	18,884
			(7,683)	(13,017)
2	1		24,141	5,867

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

**Parent****Consolidated**2004  
\$000**2005**  
**\$000****2005**  
**\$000**2004  
\$000

## 1 OPERATING REVENUE

		Appliances		
		New Zealand	<b>233,022</b>	244,219
		Australia	<b>379,892</b>	418,860
		USA	<b>261,115</b>	139,662
		Singapore	<b>7,394</b>	8,766
		Europe	<b>12,073</b>	23,554
		Rest of World	<b>20,744</b>	17,687
			<b>914,240</b>	852,748
		Total Appliances Revenue		
		Finance		
		New Zealand	<b>124,118</b>	75,119
76,376	<b>45,850</b>	Dividend	-	10,184
		Interest	<b>375</b>	609
<b>76,376</b>	<b>45,850</b>	Total Operating Revenue	<b>1,038,733</b>	938,660

**Parent**

**Consolidated**

2004      **2005**  
\$000      **\$000**

**2005**      2004  
**\$000**      \$000

2 OPERATING PROFIT BEFORE TAXATION

76,376      **45,850**      Operating profit before taxation

**101,024**      122,523

After charging (crediting):

Remuneration of auditors:

Audit fees paid to auditors of the group      **553**      560

Other fees paid to auditors of the group

- Review of Group Half Year Financial Statements      **30**      30

- Review of Farmers' Finance acquisition Balance Sheet      **44**      23

- Audit of Fisher & Paykel Finance Debenture Prospectus      **6**      6

- Farmers Finance securitisation compliance audit      **33**      -

- Advice on adopting International Accounting Standards      **101**      70

- Other      **57**      50

Donations      **169**      195

Depreciation:

Appliances - Buildings      **2,206**      2,116

- Leasehold improvements      **129**      100

- Plant and equipment      **24,265**      22,096

- Computer software      **2,380**      2,162

Finance Group - Buildings      **273**      273

- Plant and equipment      **199**      408

- Computer software      **1,213**      889

Amortisation:

Appliances - Goodwill      **127**      -

Finance Group - Goodwill      **2,055**      662

- Licenses      **5,934**      2,680

Loss/(gain) on sale of property, plant & equipment      **120**      (333)

Interest expense:

- Term borrowings      **5,153**      5,950

- Bank overdraft and call borrowings      **1,078**      1,432

Finance Group - Operating interest      **33,818**      20,394

Research and development      **11,132**      13,591

Rental and operating leases      **11,391**      9,658

Bad debts written off:

Appliances      **260**      147

Finance New Zealand      **6,415**      4,751

Movement in provision for doubtful debts:

Appliances      **335**      134

Finance New Zealand      **2,274**      (1,374)

394      **507**      Directors' fees

**621**      405

Parent			Consolidated	
2004	2005		2005	2004
\$000	\$000		\$000	\$000
<b>3 TAXATION</b>				
76,361	<b>45,850</b>	Operating profit before taxation	<b>101,024</b>	122,523
<hr/>				
25,199	<b>15,131</b>	Taxation at current rate of 33%	<b>33,338</b>	40,433
(25,204)	<b>(15,131)</b>	Adjustments to taxation for:		
		Fully imputed dividends received	-	(3,335)
		Effect of revaluation of Australian assets upon tax consolidation	<b>(3,663)</b>	-
(58)	<b>(48)</b>	Other non-assessable income	<b>(408)</b>	(216)
14	-	Non-deductible items	<b>2,831</b>	1,354
		Attributed foreign income	<b>(3)</b>	-
		Foreign rates other than 33%	<b>437</b>	(707)
<hr/>				
(49)	<b>(48)</b>	Current year's taxation	<b>32,532</b>	37,529
2,448	<b>6,556</b>	Prior period	<b>(69)</b>	(312)
<hr/>				
2,399	<b>6,508</b>	Income tax expense	<b>32,463</b>	37,217
<hr/>				
This is represented by:				
2,399	<b>6,508</b>	Current taxation	<b>30,640</b>	36,339
		Deferred taxation	<b>1,823</b>	878
<hr/>				
2,399	<b>6,508</b>		<b>32,463</b>	37,217
<hr/>				

		<b>Parent</b>		<b>Consolidated</b>	
		2004	2005	2005	2004
		\$000	\$000	\$000	\$000
4	<b>DEBTORS AND OTHER CURRENT ASSETS</b>				
				<b>119,223</b>	74,610
				<b>(599)</b>	(524)
				<b>118,624</b>	74,086
	15	22	Other debtors and prepayments	<b>15,668</b>	17,468
	15	22		<b>134,292</b>	91,554

<b>Parent</b>		<b>Consolidated</b>	
2004	2005	2005	2004
\$000	\$000	\$000	\$000
<b>5 FINANCE RECEIVABLES</b>			
	Receivable within one year	<b>388,085</b>	372,574
	Less provision for unearned interest	<b>(28,258)</b>	(25,059)
		<b>359,827</b>	347,515
	Less provision for bad and doubtful debts	<b>(8,376)</b>	(6,474)
	Net receivables due within one year	<b>351,451</b>	341,041
	Receivable beyond one year	<b>235,739</b>	243,806
	Less provision for unearned interest	<b>(14,301)</b>	(14,078)
		<b>221,438</b>	229,728
	Less provision for bad and doubtful debts	<b>(5,522)</b>	(5,150)
	Net receivables due beyond one year	<b>215,916</b>	224,578
	Total finance receivables	<b>567,367</b>	565,619

Finance receivables comprise 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.

		<b>Parent</b>		<b>Consolidated</b>	
		2004	2005	2005	2004
		\$000	\$000	\$000	\$000
6	INVENTORIES				
	Materials			<b>66,226</b>	46,114
	Spare parts			<b>8,593</b>	6,395
	Finished products			<b>111,915</b>	81,909
				<b>186,734</b>	134,418

<b>Parent</b>			<b>Consolidated</b>	
2004	<b>2005</b>		<b>2005</b>	2004
\$000	<b>\$000</b>		<b>\$000</b>	\$000
<b>7 TAXATION</b>				
2,448	<b>6,662</b>	Balance at beginning of year	<b>1,442</b>	(169)
(2,399)	<b>(6,508)</b>	Total taxation expense in current year	<b>(30,640)</b>	(36,339)
6,613	<b>3,457</b>	Taxation paid	<b>40,861</b>	37,690
	<b>2</b>	Other movements	<b>780</b>	260
<u>6,662</u>	<u><b>3,613</b></u>	Balance at end of year	<u><b>12,443</b></u>	<u>1,442</u>
		This is represented by:		
		Taxation payable	<b>(80)</b>	(702)
<u>6,662</u>	<u><b>3,613</b></u>	Taxation recoverable	<b>12,523</b>	2,144
<u>6,662</u>	<u><b>3,613</b></u>		<u><b>12,443</b></u>	<u>1,442</u>

	<b>Parent</b>		<b>Consolidated</b>	
	2004 \$000	2005 \$000	2005 \$000	2004 \$000
8 PROPERTY PLANT AND EQUIPMENT				
Land			<b>24,018</b>	23,224
			<b>* 24,018</b>	23,224
Buildings			<b>107,480</b>	95,695
Less accumulated depreciation			<b>7,143</b>	4,739
			<b>* 100,337</b>	90,956
Leasehold improvements			<b>2,101</b>	1,422
Less accumulated depreciation			<b>832</b>	750
			<b>1,269</b>	672
Plant and equipment			<b>202,142</b>	173,383
Less accumulated depreciation			<b>85,537</b>	63,996
			<b>116,605</b>	109,387
Computer software			<b>21,571</b>	17,984
Less accumulated depreciation			<b>10,864</b>	7,779
			<b>10,707</b>	10,205
Capital projects			<b>37,609</b>	17,718
			<b>290,545</b>	252,162

\* The independent valuation of land and buildings as at 31 March 2005 was \$161.031 million.

	Parent		Consolidated	
	2004	2005	2005	2004
	\$000	\$000	\$000	\$000
<b>9 INTANGIBLE ASSETS</b>				
<b>Goodwill</b>				
Finance				
Balance at beginning of the year			<b>31,109</b>	31,771
Adjustment for subsequent changes in fair values ascribed to Farmers Finance acquisition			<b>6,588</b>	-
Current year's amortisation			<b>(2,055)</b>	(662)
			<b>35,642</b>	31,109
Appliances				
Goodwill arising on acquisition of DCS			<b>5,303</b>	-
Current year's amortisation			<b>(127)</b>	-
			<b>5,176</b>	-
Balance at end of year			<b>40,818</b>	31,109
Comprising				
Goodwill (gross)			<b>43,662</b>	31,771
Accumulated amortisation			<b>(2,844)</b>	(662)
			<b>40,818</b>	31,109
<b>Brand</b>				
Appliances				
Valuation of DCS brand arising on acquisition of DCS			<b>40,226</b>	-
<b>Licenses</b>				
Finance				
Balance at beginning of the year			<b>125,957</b>	128,637
Adjustment for subsequent changes in fair values ascribed to Farmers Finance acquisition			<b>(7,018)</b>	-
Current year's amortisation			<b>(5,934)</b>	(2,680)
Balance at end of year			<b>113,005</b>	125,957
Comprising				
Licenses (gross)			<b>121,619</b>	128,637
Accumulated amortisation			<b>(8,614)</b>	(2,680)
			<b>113,005</b>	125,957
Total Intangible assets			<b>194,049</b>	157,066

### 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 1994, 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 under the Plans are paid to the employees. Voting rights on shares under the Plans are exercisable by the employees under their Plans.

As at 31 March 2005 1,208,280 (2004 1,755,116) shares are held by the Plans, being 0.5% (2004 0.7%) of the Group's issued and paid up capital. All shares were allocated to employees, except for 118,904 (2004 52,120). 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. The total value of employee loans receivable is \$1,627,356 (2004 \$2,763,000).

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 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. For options granted in November 2001 and August 2002, the exercise price per share is equal to the market value of a share at or around the date of option grant. For options granted in August 2004, the exercise price per share is recalculated on each anniversary of the grant date and is equal to the higher of the base price at grant date or the recalculated base price. The recalculated base price is calculated by multiplying the last base price by a percentage determined by the Board to represent the Company's cost of capital and reducing the resulting figure by the amount of any net cash dividends paid by the Company.

One third of the options granted pursuant to the Share Option Plan on a particular grant date become exercisable after 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 granted 5,940,000 options to purchase shares under the Share Option Plan (2004 no options granted).

Share Options	Number Granted	Exercise Price	Expiry Date
Options:			
Granted in November 2001	4,192,000	\$ 2.305	November 2006
Granted in August 2002	<u>3,740,000</u>	\$ 2.525	August 2007
	7,932,000		
Options exercised in prior years	585,376		
Options lapsed in prior years	40,000		
Opening Balance	<u>7,306,624</u>		
Options exercised in current year	<u>2,274,775</u>		
	5,031,849		
Granted in August 2004	5,940,000	\$ 4.190 *	August 2009
Closing Balance	<u>10,971,849</u>		

\* Being the base price at grant date.

11 INVESTMENTS IN SUBSIDIARIES

**Parent**  
2004      **2005**  
\$000      **\$000**

158,814      **184,318** Investment 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
		2005	2004	
* AF Investments Limited	NZ	100%	100%	Non Trading Holding Company
* Fisher & Paykel Appliances Limited	NZ	100%	100%	Manufacture & Distribution of Appliances
Fisher & Paykel Finance Limited	NZ	100%	100%	Consumer & Commercial Finance
Consumer Finance Limited	NZ	100%	100%	Consumer Finance
Equipment Finance Limited	NZ	100%	100%	Commercial Finance
Retail Financial Services Limited	NZ	100%	100%	Remote Securitisation Vehicle
Consumer Insurance Services Limited	NZ	100%	100%	Consumer Insurance
Fisher & Paykel Finance Holdings Limited (formerly Fisher & Paykel Financial Services Limited)	NZ	100%	100%	Holding Company
Fisher & Paykel Financial Services Limited	NZ	100%		Securitisation Services
Credit & General Insurance Limited	NZ	100%	100%	Consumer Insurance
* Fisher & Paykel Production Machinery Limited	NZ	100%	100%	Machinery Manufacturer
Fisher & Paykel Appliances Employee Share Purchase Trustee Limited	NZ	100%	100%	Employee Share Purchase Plan
* Fisher & Paykel Australia Holdings Limited	Australia	100%	100%	Non Trading Holding Company
* Fisher & Paykel Australia Pty Limited	Australia	100%	100%	Distribution of Appliances
* Fisher & Paykel Manufacturing Pty Limited	Australia	100%	100%	Manufacture of Appliances
Fisher & Paykel Customer Services Pty Limited	Australia	100%	100%	Servicing of Appliances
Fisher & Paykel (Singapore) Pte Limited	Singapore	100%	100%	Distribution of Appliances
Fisher & Paykel Appliances USA Holdings Inc	USA	100%		Non Trading Holding Company
Fisher & Paykel Appliances Inc	USA	100%	100%	Distribution of Appliances
Dynamic Cooking Systems Inc (DCS)	USA	100%		Manufacture of Appliances
Fisher & Paykel Appliances Limited	UK	100%	100%	Europe Representative Office

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.

On 8 October 2004, the company acquired all the shares in Dynamic Cooking Systems Inc (DCS), a leading USA manufacturer and distributor of premium cooking appliances. DCS commenced operations in 1987 and is considered one of the leading brands of high-end indoor and outdoor cooking appliances in the United States.

The total consideration paid for DCS was US\$33 million (NZ\$49.2 million), which was funded by debt.

From 8 October 2004, the operating results of DCS have been included in the Group's statement of financial performance. The financial effect of the acquisition has been summarised below:-

	<u>US\$ Million</u>	<u>NZ\$ Million</u>
Total Assets		
Current Assets	22.8	33.9
Property, Plant and Equipment	2.8	4.2
Other Assets	6.9	10.3
	<u>32.5</u>	<u>48.4</u>
Total Liabilities		
Current Liabilities	(30.6)	(45.6)
Net Assets Acquired	1.9	2.8
Brand/Goodwill Intangibles on Acquisition	32.2	48.0
Total Acquisition Cost	<u>34.1</u>	<u>50.8</u>
Comprised of:		
Acquisition Consideration	33.0	49.2
Capitalised Professional Fees	1.1	1.6
	<u>34.1</u>	<u>50.8</u>

Contribution to operating profit before interest and taxation from 8 October 2004 to 31 March 2005.      3.0      4.1

On 6 November 2003 the company entered into an agreement with James Pascoe Limited (JPL) whereby a subsidiary of JPL acquired the shares in Farmers Holdings Limited, the ultimate holding company for the Farmers Group. The agreement stipulated that in substance the company acquired the finance and Farmers credit card businesses for a consideration of \$188.7 million. On 5 July 2004, the Farmers Group separated into two distinct businesses resulting in JPL operating the Farmers retail chain and the company operating the finance and Farmers credit card businesses.

From 1 November 2003, the operating results of the Finance and Farmers Credit card businesses of the Farmers Group have been included in the Group's statement of financial performance. The financial effect of the acquisition has been summarised below:-

	2004 \$ Millions
Total Assets	
Bank Balances	21.5
Investments	0.5
Finance Receivables	294.3
Plant and Equipment	0.2
Other Assets	4.7
	<u>321.2</u>
Total Liabilities	
Borrowings	(279.4)
Insurance and Warranty Provisions	(8.1)
Other Liabilities	(4.7)
	<u>(292.2)</u>
Net Assets Acquired	29.0
Goodwill / Intangibles on Acquisition	160.4
Total Acquisition Cost	<u>189.4</u>
Comprised of:	
Acquisition Consideration	188.7
Capitalised Professional Fees	0.7
	<u>189.4</u>
Contribution to operating profit before interest expense on acquisition term borrowings and taxation from 1 November 2003 to 31 March 2004	<u>10.0</u>

Subsequent to acquisition changes were made to the fair values shown above. These have been shown under Note 9 Intangible Assets.

<b>Parent</b>		<b>Consolidated</b>	
2004	2005	2005	2004
\$000	\$000	\$000	\$000
12 DEFERRED TAXATION			
	Balance at beginning of year:	<b>18,909</b>	19,583
	Fair value adjustments on purchase of DCS	<b>9,795</b>	-
	Current year timing differences	<b>(1,823)</b>	(878)
	Exchange rate variance	<b>(181)</b>	(1,215)
	Other movements	<b>2,321</b>	1,419
		<hr/>	
	Balance at end of year:	<b>29,021</b>	18,909
		<hr/>	

The Group has recognised a deferred tax asset on timing differences which are expected, with virtual certainty, to reverse in future periods. The tax effect of these timing differences is \$29.0 million (2004: \$18.9 million).

		<b>Parent</b>		<b>Consolidated</b>	
		2004	<b>2005</b>	<b>2005</b>	2004
		\$000	<b>\$000</b>	<b>\$000</b>	\$000
13	<b>BANK OVERDRAFTS</b>				
				<b>7,683</b>	13,017
	Bank overdrafts				

Bank overdrafts in foreign currencies total:

USD	5.42 million	(2004, 5.84 million)
SGD	0.24 million	(2004, 0.58 million)
EURO	0.53 million	(2004, 0.71 million)

Bank overdrafts come under the Negative Pledge Agreement as set out in note 16.



Parent  
2004 2005  
\$000 \$000

Consolidated  
2005 2004  
\$000 \$000

15 FINANCE BORROWINGS

Secured borrowings

(a) Debenture stock due for repayment:	(note 1)		
Within one year		<b>139,952</b>	120,434
Between one and two years		<b>18,661</b>	34,677
Over two years		<b>8,438</b>	12,692
		<b>167,051</b>	167,803

The average rate of interest is 6.6% (2004 6.0%).

(b) Bank borrowings:	(note 1)		
At call		<b>48,409</b>	4,901
Within one year		<b>40,621</b>	42,322
Between one and two years		<b>7,060</b>	-
Over two years		-	7,049
		<b>96,090</b>	54,272

The average rate of interest is 7.1% (2004 5.7%).

(c) Secured advances due for repayment:	(note 2)		
Within one year		<b>264,541</b>	288,105
		<b>264,541</b>	288,105

The average rate of interest is 6.9% (2004 5.5%).

Total secured borrowings **527,682** 510,180

Total Finance borrowings **527,682** 510,180

Due within one year **493,523** 455,762  
Due after one year **34,159** 54,418  
**527,682** 510,180

Finance borrowings are not guaranteed by Fisher & Paykel Appliances Holdings Limited.

- Note
1. 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, except Consumer Insurance Services Limited, 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.
  2. Secured advances are secured by a charge over the assets of the Farmers finance and Farmers credit card businesses.

16 BORROWINGS	Parent		Consolidated	
	2004	2005	2005	2004
	\$000	\$000	\$000	\$000
	Borrowing facilities due for repayment:			
	Current		<b>20,000</b>	-
	One to two years		<b>157,903</b>	16,743
	Two to three years		-	-
	Term		<b>157,903</b>	16,743

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 3.9%, 2004 3.3%).

Borrowings in foreign currencies total A\$31.4 million (2004 A\$2.0 million) and US\$79.0 million (2004 US\$6.6 million).

A Negative Pledge Agreement has been executed with a number of the Group's bankers. Major trading subsidiaries operating under a Negative Pledge Agreement together with the parent company are listed in note 11.

	<b>Parent</b>		<b>Consolidated</b>	
	2004	2005	2005	2004
	\$000	\$000	\$000	\$000
17 OTHER CURRENT LIABILITIES				
			<b>20,964</b>	20,987
Employee entitlements			<b>45,894</b>	32,204
Other creditors and accruals				
			<b>66,858</b>	53,191

**Parent**  
2004      2005  
\$000      \$000

**Consolidated**  
2005      2004  
\$000      \$000

18 SHAREHOLDERS' EQUITY

263,822,358 ordinary shares issued and paid up (2004: 261,670,096). No ordinary shares issued and partially paid up (2004: Nil). All ordinary shares rank equally with one vote attaching to each fully paid ordinary share.

549,353	<b>553,610</b>	Share capital brought forward	<b>553,610</b>	549,353
4,257	<b>4,857</b>	Issue of share capital	<b>4,857</b>	4,257
<u>553,610</u>	<u><b>558,467</b></u>	Share capital carried forward	<u><b>558,467</b></u>	<u>553,610</u>
(22,241)	<b>(52,248)</b>	Retained surplus/(loss) brought forward	<b>12,707</b>	31,370
73,962	<b>39,342</b>	Profit after taxation	<b>68,561</b>	85,306
(103,969)	<b>(53,808)</b>	Dividends paid	<b>(53,808)</b>	(103,969)
<u>(52,248)</u>	<u><b>(66,714)</b></u>	Retained surplus/(loss) carried forward	<u><b>27,460</b></u>	<u>12,707</u>
RESERVES				
48,668	<b>58,813</b>	Reserves brought forward	<b>(6,142)</b>	(4,943)
10,145	<b>25,504</b>	Movement in revaluation of subsidiaries		
		Movement in currency translation reserves	<b>(3,715)</b>	(1,199)
<u>58,813</u>	<u><b>84,317</b></u>	Reserves carried forward	<u><b>(9,857)</b></u>	<u>(6,142)</u>
<u>560,175</u>	<u><b>576,070</b></u>	Total Shareholders' equity	<u><b>576,070</b></u>	<u>560,175</u>

The dividends were fully imputed. Supplementary dividends of \$3,457,000 (2004 \$6,612,000) were paid to shareholders not tax-resident in New Zealand for which the Group received a foreign investor tax credit entitlement.

Refer to Note 10 for details on Employee Share Plans.

<b>Parent</b>			<b>Consolidated</b>	
2004	<b>2005</b>		<b>2005</b>	2004
\$000s	<b>\$000s</b>		<b>\$000s</b>	\$000s
<b>19 CASH FLOW</b>				
Reconciliation of group profit to cash flows from operating activities				
73,962	<b>39,342</b>	Profit after taxation	<b>68,561</b>	85,306
		Add/(deduct) non-cash items		
		Depreciation and writedown of property, plant & equipment to recoverable amount	<b>30,785</b>	28,044
		Accrued Finance Group interest expense	<b>46</b>	(77)
		Accrued interest expense	<b>948</b>	(45)
		Movement in provisions	<b>(9,965)</b>	10,103
2,448	<b>3,094</b>	Movement in deferred tax/future tax benefit	<b>773</b>	(842)
		Movement in working capital		
34	-	Payables and accruals	<b>(15,942)</b>	8,617
13	<b>(7)</b>	Debtors and other current assets	<b>(20,928)</b>	(3,740)
		Finance receivables	<b>11,830</b>	33
		Inventories	<b>(36,042)</b>	4,564
		Provision for taxation	<b>(11,001)</b>	911
		Amortisation of intangible assets	<b>8,546</b>	3,342
	<b>3,457</b>	Supplementary dividend paid	<b>3,457</b>	6,612
(1,093)	<b>(977)</b>	Internal cashflow from financing activities		
		Foreign currency exchange translation	<b>(2,694)</b>	(2,376)
<hr/>	<hr/>	<b>Net cash flow from operations</b>	<hr/>	<hr/>
75,364	<b>44,909</b>		<b>28,374</b>	140,452

## 20 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 (FPHC) at a cost of \$11.65 per share, equating to \$230,861,992.

On 20 February 2004 the Group sold its entire shareholding in FPHC for \$230,861,992.



**Parent**  
2004      **2005**  
\$000      **\$000**

**Consolidated**  
**2005**      2004  
**\$000**      \$000

## 22 CONTINGENT LIABILITIES

Periodically the company is 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 insurance. The directors are unaware of the existence of any claim that would have a material impact on the operations of the company.

	<b>Parent</b>		<b>Consolidated</b>	
	2004 \$000	2005 \$000	2005 \$000	2004 \$000
23 COMMITMENTS				
Capital expenditure commitments at 31 March 2005				
Within one year			<b>4,950</b>	16,630
Between two and three years			<b>3,023</b>	-
Total			<b>7,973</b>	16,630
Lease commitments under non-cancellable operating leases:				
Within one year			<b>12,769</b>	9,431
Between one and two years			<b>12,721</b>	7,016
Between two and three years			<b>12,325</b>	5,732
Between three and four years			<b>10,697</b>	5,493
Between four and five years			<b>5,975</b>	5,028
Over five years			<b>7,923</b>	2,782
			<b>62,410</b>	35,482

Operating lease commitments relate mainly to building occupancy leases.

<b>Consolidated</b>	
<b>2005</b>	2004
<b>\$000</b>	\$000

24 CURRENCY

The following currency conversion rates have been applied at 31 March 2005:

NZ\$1.00 =	USD	<b>0.7085</b>	0.6630
	AUD	<b>0.9195</b>	0.8720
	GBP	<b>0.3780</b>	0.3608
	SGD	<b>1.1745</b>	1.1110
	EUR	<b>0.5487</b>	0.5340

## 25 FINANCIAL INSTRUMENTS PARENT COMPANY AND APPLIANCES GROUP

### Management policies

The Appliances group is subject to a number of financial risks, which arise as a result of its importing and exporting activities and overseas operations in Australia, USA, Canada and Singapore. The currency risk which the Appliances group is primarily exposed to is the New Zealand dollar against the Australian dollar, United States dollar and the Euro.

To manage and limit the effects of those financial risks, the Board of Directors has approved policy guidelines and authorised the use of various financial instruments. These guidelines are regularly reviewed by the Board. The policies approved, and financial instruments being utilised at balance date, are outlined below:

### Currency Trade Risk

It is the Appliances group policy to monitor current and anticipated future foreign currency operating cash flows to determine net exposures, which are hedged with options and forward exchange contracts within prescribed bands up to a maximum period of 24 months.

Major capital expenditure acquisitions in foreign currency are hedged with options and forward exchange contracts.

### Currency Balance Sheet Risk

It is the Appliances group policy to hedge the foreign exchange exposure to balance sheet currency translation risk by maximising borrowings in the local currency of the overseas subsidiary.

### Currency Earnings Risk

It is the Appliances group policy to hedge the earnings of overseas subsidiaries, where earnings are material and reasonably certain, with options and forward exchange contracts.

### Fair value

Estimated fair values of the Appliances group's financial assets and liabilities at 31 March 2005 are as follows:

	2005		2004	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
	\$000	\$000	\$000	\$000
Cash at bank	3,774	3,774	2,714	2,714
Debtors	127,670	127,670	80,641	80,641
Call borrowings and bank overdrafts	(7,683)	(7,683)	(13,017)	(13,017)
Term borrowings	(157,903)	(157,903)	(16,743)	(16,743)
Creditors	(70,655)	(70,655)	(63,365)	(63,365)
Foreign currency forward exchange contracts	-	2,675	-	587
Foreign currency forward exchange options	-	577	-	(85)
Interest rate swaps	-	-	-	-

Estimated fair values of the Parent Company's financial assets and liabilities at 31 March 2005 are as follows:

	2005		2004	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
	\$000	\$000	\$000	\$000
Cash at bank	1	1	2	2
Intergroup advances	388,116	388,116	394,682	394,682
Debtors	22	22	15	15

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 term borrowings is estimated based on current market interest rates available to the Appliances 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.

### Interest rate swaps

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

### Off balance sheet risk

The Appliances 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:

	2005	2004
	\$000	\$000
Foreign currency instruments		
Purchase commitments forward exchange contracts	18,942	13,830
Sale commitments forward exchange contracts	61,870	142,100
Put option agreements sold	59,018	14,983
Call option agreements purchased	75,170	14,983

### Interest rate risk

When considered appropriate the Appliances group enters 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.

Notional principal or contract amounts outstanding were as follows:

	2005	2004
	\$000	\$000
Interest rate swaps	-	-

### Credit Risk

Foreign currency forward exchange contracts, foreign currency option agreements and interest rate swaps have been entered into with trading banks. The Appliances 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 Appliances group incurs credit risk with trade receivables. The Appliances 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.

26 FINANCIAL INSTRUMENTS FINANCE GROUP

Interest rate risk

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

The interest rate risk profiles have been prepared as at 31 March 2005 on the basis of maturity or contractual repricing, which ever is the earlier.

31 March 2005	Weighted Average Interest Rate	Total \$000	0-6 mths \$000	7-12 mths \$000	13-24 mths \$000	25-60 mths \$000
<b>Financial assets</b>						
Finance receivables	17.0%	567,367	209,245	142,206	129,548	86,368
Cash at bank	0.0%	11,500	11,500	-	-	-
Money market deposits	6.8%	16,550	16,550	-	-	-
Securities	7.1%	1,039	-	-	1,039	-
Other current assets	N/A	5,158	5,158	-	-	-
		601,614	242,453	142,206	130,587	86,368
<b>Financial liabilities</b>						
Retail deposits	6.6%	167,051	86,321	53,631	18,661	8,438
Wholesale borrowing	7.0%	360,631	360,631	-	-	-
Other current liabilities	N/A	21,682	21,682	-	-	-
		549,364	468,634	53,631	18,661	8,438
On-balance sheet gap		52,250	(226,181)	88,575	111,926	77,930
Off-balance sheet financial instruments		-	126,681	(95,670)	(31,011)	-
Net effective interest rate gap		52,250	(99,500)	(7,095)	80,915	77,930

31 March 2004	Weighted Average Interest Rate	Total \$000	0-6 mths \$000	7-12 mths \$000	13-24 mths \$000	25-60 mths \$000
<b>Financial assets</b>						
Finance receivables	16.5%	565,619	182,316	158,725	136,659	87,919
Cash at bank	0.0%	16,170	16,170	-	-	-
Securities	6.0%	1,055	-	-	-	1,055
Other current assets	N/A	10,913	10,913	-	-	-
		593,757	209,399	158,725	136,659	88,974
<b>Financial liabilities</b>						
Retail deposits	6.0%	167,803	90,670	29,764	34,677	12,692
Wholesale borrowing	5.5%	342,377	342,377	-	-	-
Other current liabilities	N/A	19,284	19,284	-	-	-
		529,464	452,331	29,764	34,677	12,692
On-balance sheet gap		64,293	(242,932)	128,961	101,982	76,282
Off-balance sheet financial instruments		-	156,926	(45,761)	(111,165)	-
Net effective interest rate gap		64,293	(86,006)	83,200	(9,183)	76,282

Liquidity risk

Liquidity risk arises from the mismatch of the maturity of financial assets and liabilities including settlement characteristics of activities that do not give rise to assets or liabilities requiring disclosure in the statement of financial position. Policies are established by the Finance group to ensure all obligations are met within a timely and cost effective manner, and prudential policies are regularly monitored. The Finance group's diversified range of funding sources together with undrawn committed funding lines underpin the liquidity of the Finance group.

Credit Risk

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

In the normal course of business, the Finance group incurs credit risk from advances made to its customers which are classified as Finance Receivables. The Finance 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 \$567.4 million as at 31 March 2005 (2004 \$565.6 million) includes advances to retailers secured by taking an assignment over the individual finance receivable agreements.

Fair value

Estimated fair values of the Finance group's financial assets and liabilities at 31st March 2005 are as follows:

	2005		2004	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
	\$000	\$000	\$000	\$000
Finance Receivables	567,367	563,533	565,619	566,529
Securities	1,039	1,044	1,055	1,080
Cash at bank	11,856	11,856	16,170	16,170
Money Market deposits	16,550	16,550	-	-
Debtors	4,798	4,798	10,913	10,913
Finance Borrowings	(528,038)	(527,785)	(510,180)	(510,538)
Other current liabilities	(28,006)	(28,006)	(22,686)	(22,686)
Interest rate swaps	-	896	-	(294)

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

Finance Borrowings

Fair value of the Finance group's finance borrowings is estimated based on current market interest rates (including margin) available to the Finance 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 Finance 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 2005 were entered into to hedge borrowings outstanding. Notional principal or contract amounts outstanding were as follows:

	2005	2004
	\$000	\$000
Interest rate swaps	257,116	197,200

## 27 RELATED PARTY INFORMATION

On 23 August 2001, Fisher & Paykel Appliances Holdings Limited (FPAH) 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 (FPHC) following separation. The separation arrangement agreement provided, among other things that;

- Any asset or liability held by FPHC after the effective date of the separation that was properly attributable to FPAH, or any asset or liability held by FPAH that was properly attributable to FPHC, was to be transferred and assigned or novated to FPHC or FPAH as the case might be;
- Assets or liabilities for which no proper attribution could be determined were to be attributed to each of FPHC and FPAH pro rata, in proportion to the respective values attributed to FPHC and FPAH as of the date of the separation arrangement agreement, unless each agreed to a different allocation;
- FPAH and FPHC have agreed to ongoing sharing and co-operation arrangements concerning matters including the use of the name "Fisher & Paykel", land owned by FPHC to which FPAH 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", FPHC continuing to administer loans under existing employee share schemes, allowing FPHC to use two patents owned by FPAH, the retention of records and access to corporate information;
- FPAH and FPHC would use their best endeavours to distinguish their respective businesses from each other; and
- FPHC would indemnify FPAH for all losses, damages, liabilities, claims, costs and expenses that may be incurred by FPAH 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 FPAH after the effective date of the separation. FPAH would similarly indemnify FPHC in relation to the operation of the appliances and finance businesses.

Any claims made against FPAH that are properly attributable, in accordance with the separation arrangement agreement, to FPHC would require FPAH to exercise its rights under the separation arrangement agreement to obtain payment or indemnification from FPHC. No claims have been made to date.

On 20 February 2004, the Group sold its entire shareholding in FPHC.

As part of the sale arrangements, FPAH provided a customary form indemnity to FPHC. Because FPAH and FPHC were related parties at the time the indemnity was given, the amount payable under the indemnity by FPAH was required to be capped at the maximum amount permitted by New Zealand Exchange (NZX) Listing Rules without shareholder approval.

FPAH and FPHC agreed to apply to NZX for a waiver from the Listing Rules to enable the indemnity not to be limited in this manner, given shareholder approval is not ordinarily required for indemnities of this nature. NZX granted a waiver from Listing Rule 9.2.1 (Related Party Transactions) in respect of the indemnity. The conditions attached to the NZX's waiver were as follows:

- (a) the waiver and its conditions were announced to the market; and
- (b) the waiver was disclosed in FPAH's annual reports for the periods in which the agreement is in force, including a summary of the indemnity.

The waiver and its conditions were announced to the market on 7 April 2004.

On 12 July 2004 Fisher & Paykel Finance Limited purchased 5368m<sup>2</sup> of land from Fisher & Paykel Healthcare Properties Limited, a subsidiary of Fisher & Paykel Healthcare Corporation Limited, which has two directors in common with the Company. The consideration for the sale, \$860,000, was determined on an arm's length basis.

## 28 SEGMENTS

The Group's principal activities are the manufacture and sale of household appliances with the major markets being Australia, New Zealand and the United States, and financial services in New Zealand.

### Industry Segments

2005	Appliances	Finance	Investments	Consolidated operations
	\$000	\$000	\$000	\$000
Operating revenue	914,550	124,183	-	1,038,733
Operating profit before interest, taxation and amortisation	77,350	38,021	-	115,371
Operating profit before interest and taxation	77,223	30,032	-	107,255
Depreciation	(28,980)	(1,685)	-	(30,665)
Capital expenditure	65,631	10,460	-	76,091
Total assets	675,720	773,979	-	1,449,699

2004	Appliances	Finance	Investments	Consolidated operations
	\$000	\$000	\$000	\$000
Operating revenue	853,311	75,243	10,106	938,660
Operating profit before interest, taxation and amortisation	102,109	21,032	10,106	133,247
Operating profit before interest and taxation	102,109	17,690	10,106	129,905
Depreciation	(26,474)	(1,570)	-	(28,044)
Capital expenditure	43,272	1,431	-	44,703
Total assets	485,450	760,278	-	1,245,728

## 29 EMPLOYEE REMUNERATION

The Appliances group 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 that exceeded \$100,000 as follows:

Remuneration \$	Number of employees		Remuneration \$	Number of employees	
	2005	2004		2005	2004
100,000 – 110,000	<b>49</b>	36	280,001 – 290,000	<b>5</b>	1
110,001 – 120,000	<b>31</b>	21	290,001 – 300,000	-	2
120,001 – 130,000	<b>15</b>	22	300,001 – 310,000	<b>1</b>	3
130,000 - 140,000	<b>19</b>	15	310,001 – 320,000	-	3
140,001 – 150,000	<b>16</b>	12	320,001 – 330,000	<b>1</b>	1
150,001 – 160,000	<b>8</b>	9	330,001 – 340,000	-	1
160,001 – 170,000	<b>10</b>	6	340,001 – 350,000	<b>3</b>	-
170,001 – 180,000	<b>4</b>	6	350,001 – 360,000	<b>1</b>	-
180,001 – 190,000	<b>4</b>	6	380,001 – 390,000	<b>2</b>	-
190,001 – 200,000	<b>7</b>	8	400,001 – 410,000	<b>1</b>	1
200,001 – 210,000	<b>1</b>	1	410,001 – 420,000	<b>1</b>	-
210,001 – 220,000	<b>3</b>	5	420,001 – 430,000	-	1
220,001 – 230,000	-	3	430,001 – 440,000	-	1
240,001 – 250,000	<b>1</b>	1	480,001 – 490,000	<b>1</b>	-
250,001 – 260,000	<b>5</b>	1	510,001 – 520,000	-	1
260,001 – 270,000	<b>2</b>	-	630,001 – 640,000	<b>1</b>	-
270,001 – 280,000	<b>1</b>	4			

# Appendix 4E

## Preliminary final report

Introduced 30/6/2003.

Name of entity

<b>FISHER &amp; PAYKEL APPLIANCES HOLDINGS LIMITED</b>
--------------------------------------------------------

ABN or equivalent  
company reference

<b>98026263</b>
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Preliminary  
final (tick)

<b>X</b>
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Year ended ('current period')

<b>31 MARCH 2005</b>
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Year ended ('previous corresponding period')

<b>31 MARCH 2004</b>
----------------------

### Results for announcement to the market

Extracts from this report for announcement to the market (see note 1).

\$NZ'000

Revenues from ordinary activities (item 2.1)	up/(down)	<b>10.7</b> %	to	<b>1,038,733</b>
Profit (loss) from ordinary activities after tax attributable to members (item 2.2)	up/(down)	<b>(19.6)</b> %	to	<b>68,561</b>
Net profit (loss) for the period attributable to members (item 2.3)	up/(down)	<b>(19.6)</b> %	to	<b>68,561</b>
<b>Dividends (distributions)</b> <b>(Please refer to commentary for further details)</b>		Amount per security		Franked amount per security
Final dividend (item 2.4)		<b>9.0</b> ¢		<b>N.A.</b> ¢
Record date for determining entitlements to the dividend, (in the case of a trust, distribution) (item 2.5)		<b>3 June 2005</b>		
Brief explanation of any of the figures in 2.1 to 2.4 necessary to enable the figures to be understood. (item 2.6)				
<b>Please refer to attached commentary.</b>				

### NTA backing

(see note 7)

	Current period -	Previous corresponding period
3.0 Net tangible asset backing per ordinary security	<b>1.4</b>	<b>1.5</b>

**Control gained over entities having material effect**

4.1 Name of entity (or group of entities)	<b>DYNAMIC COOKING SYSTEMS INC</b>
4.2 Date from which such profit has been calculated	<b>8 OCTOBER 2004</b>
4.3 Consolidated profit (loss) from ordinary activities and extraordinary items after tax of the controlled entity (or group of entities) since the date in the current period on which control was +acquired	\$NZ'000 <b>4,129</b>
Profit (loss) from ordinary activities and extraordinary items after tax of the controlled entity (or group of entities) for the whole of the previous corresponding period	<b>N/A</b>

**Loss of control of entities having material effect**

4.1 Name of entity (or group of entities)	<b>N.A.</b>
4.2 Date to which the profit (loss) has been calculated	
4.3 Consolidated profit (loss) from ordinary activities and extraordinary items after tax of the controlled entity (or group of entities) for the current period to the date of loss of control	\$
Consolidated profit (loss) from ordinary activities and extraordinary items after tax of the controlled entity (or group of entities) while controlled during the whole of the previous corresponding period	\$
Contribution to consolidated profit (loss) from ordinary activities and extraordinary items from sale of interest leading to loss of control	\$

**Dividends (in the case of a trust, distributions)**

5 Date the dividend (distribution) is payable	<b>13 June 2005</b>
Record date to determine entitlements to the dividend (distribution) (ie, on the basis of proper instruments of transfer received by 5.00 pm if securities are not CHES approved, or security holding balances established by 5.00 pm or such later time permitted by SCH Business Rules if securities are CHES approved)	<b>3 June 2005</b>
If it is a final dividend, has it been declared? (Preliminary final report only)	<b>Yes</b>

**Amount per security**

		Amount per security	Franked amount per security at % tax (see note 4)	Amount per security of foreign source dividend
	<b>Final dividend:</b>			
	Current year	9	N.A.	N.A.
		¢	¢	¢
	Previous year	11.5	N.A.	N.A.
		¢	¢	¢

**Dividend or distribution plans in operation (item 6.0)**

The dividend or distribution plans shown below are in operation.

NIL
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The last date(s) for receipt of election notices for the dividend or distribution plans

N.A.
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Any other disclosures in relation to dividends (distributions). (For half yearly reports, provide details in accordance with paragraph 7.5(d) of AASB 1029 Interim Financial Reporting)

NIL
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**Details of associates and joint venture entities (item 7.0)**

**Group's share of associates' and joint venture entities':**

	Current period \$NZ'000	Previous corresponding period - \$NZ'000
Profit (loss) from ordinary activities before tax	NIL	NIL
Income tax on ordinary activities	NIL	NIL
<b>Profit (loss) from ordinary activities after tax</b>	<b>NIL</b>	<b>NIL</b>
Extraordinary items net of tax	NIL	NIL
<b>Net profit (loss)</b>	<b>NIL</b>	<b>NIL</b>
Adjustments	NIL	NIL
<b>Share of net profit (loss) of associates and joint venture entities</b>	<b>NIL</b>	<b>NIL</b>


**Compliance statement**

8.0 This report has been prepared in accordance with AASB Standards, other AASB authoritative pronouncements and Urgent Issues Group Consensus Views or other standards acceptable to ASX (see note 12).

Identify other standards used

<b>NEW ZEALAND ACCOUNTING STANDARDS</b>
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9.0 This report is based on accounts which have been audited. The audit report, which was unqualified, will be made available with the Company's financial report.

Sign here:  .....  
(Company Secretary)

Date: **19 May 2005**

Print name: **Mark David Richardson**

# Statement of Financial Performance Fisher & Paykel Appliances Holdings Limited

For the year ended 31 March 2005

Parent			Notes	Consolidated	
2004 NZ\$000	2005 NZ\$000			2005 NZ\$000	2004 NZ\$000
<u>76,376</u>	<u>45,850</u>	Operating revenue	1	<u>1,038,733</u>	938,660
76,361	45,850	Operating profit before interest and taxation		107,255	129,905
-	-	Interest expense	2	(6,231)	(7,382)
<u>76,361</u>	<u>45,850</u>	Operating profit before taxation	2	<u>101,024</u>	122,523
(2,399)	(6,508)	Taxation	3	(32,463)	(37,217)
<u>73,962</u>	<u>39,342</u>	<b>Profit after taxation</b>		<u>68,561</u>	85,306

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

<b>Earnings per share</b>	<b>0.26</b>	<b>0.33</b>
<b>Diluted earnings per share</b>	<b>0.25</b>	<b>0.32</b>

# Statement of Financial Position Fisher & Paykel Appliances Holdings Limited

As at 31 March 2005

Parent		Notes	Appliances		Finance		Appliances		Finance	
2004 NZ\$000	2005 NZ\$000		Consolidated 2005 NZ\$000	Group 2005 NZ\$000	Group 2005 NZ\$000	Consolidated 2004 NZ\$000	Group 2004 NZ\$000	Group 2004 NZ\$000	Group 2004 NZ\$000	
<b>Assets</b>										
Current assets										
2	1		31,824	3,774	28,050	18,884	2,714	16,170		
15	22		134,292	127,670	6,622	91,554	80,641	10,913		
			351,451	-	351,451	341,041	-	341,041		
			186,734	186,734		134,418	134,418			
6,662	3,613		12,523	11,535	988	2,144	2,144	-		
394,682	388,116									
401,361	391,752		716,824	329,713	387,111	588,041	219,917	368,124		
Total current assets										
Non current assets										
			290,545	273,988	16,557	252,162	244,360	7,802		
158,814	184,318									
				218,291			227,122			
			3,344	2,305	1,039	4,972	3,917	1,055		
			215,916	-	215,916	224,578	-	224,578		
			194,049	45,402	148,647	157,066		157,066		
			29,021	24,312	4,709	18,909	17,256	1,653		
158,814	184,318		732,875	564,298	386,868	657,687	492,655	392,154		
560,175	576,070		1,449,699	894,011	773,979	1,245,728	712,572	760,278		
Total assets										
<b>Liabilities</b>										
Current liabilities										
			7,683	7,683		13,017	13,017			
			20,000	20,000						
			50,977	50,977		52,252	52,252			
			28,848	28,848		25,389	25,389			
			493,523		493,523	455,762		455,762		
			80	80		702	412	290		
			66,858	38,852	28,006	53,191	30,505	22,686		
-	-		667,969	146,440	521,529	600,313	121,575	478,738		
-	-									
Total current liabilities										
Term liabilities										
			157,903	157,903		16,743	16,743			
			34,159		34,159	54,418		54,418		
			13,598	13,598		14,079	14,079			
			205,660	171,501	34,159	85,240	30,822	54,418		
-	-		873,629	317,941	555,688	685,553	152,397	533,156		
Total term liabilities										
<b>Total Liabilities</b>										
Shareholders' equity										
560,175	576,070		576,070	576,070		560,175	560,175			
					218,291			227,122		
560,175	576,070		576,070	576,070		560,175	560,175			
560,175	576,070		1,449,699	894,011	773,979	1,245,728	712,572	760,278		
Total liabilities and shareholders' equity										

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

On behalf of the Board  
Date: 19 May 2005

G.A. Paykel  
Chairman

J.H. Bongard  
Managing Director and Chief Executive Officer

## Statement of Movements in Equity Fisher & Paykel Appliances Holdings Limited

For the year ended 31 March 2005

Parent			Consolidated	
2004	2005		2005	2004
NZ\$000	NZ\$000		NZ\$000	NZ\$000
575,780	<b>560,175</b>	Shareholders' equity at the beginning of the year	<b>560,175</b>	575,780
4,257	<b>4,857</b>	Issue of share capital	18 <b>4,857</b>	4,257
<u>4,257</u>	<u><b>4,857</b></u>		<u><b>4,857</b></u>	<u>4,257</u>
73,962	<b>39,342</b>	Profit after taxation	<b>68,561</b>	85,306
(103,969)	<b>(53,808)</b>	Dividends	18 <b>(53,808)</b>	(103,969)
10,145	<b>25,504</b>	Movement in revaluation reserve	18	
		Movement in currency translation reserve	18 <b>(3,715)</b>	(1,199)
<u>560,175</u>	<u><b>576,070</b></u>	Shareholders' equity at the end of the year	<u><b>576,070</b></u>	<u>560,175</u>

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

# Statement of Cash Flows Fisher & Paykel Appliances Holdings Limited

For the year ended 31 March 2005

Parent		Notes	Consolidated	
2004 NZ\$000	2005 NZ\$000		2005 NZ\$000	2004 NZ\$000
<b>Cash flows from (used in) operating activities</b>				
			884,661	854,050
			132,249	69,199
76,376	45,850		-	10,184
			352	564
(1,012)	(941)		(912,303)	(734,412)
			(37,404)	(31,078)
			(39,181)	(28,055)
<u>75,364</u>	<u>44,909</u>	19	<u>28,374</u>	<u>140,452</u>
<b>Cash flows from (used in) investing activities</b>				
			2,380	214
			667,234	442,082
			(76,091)	(44,703)
			(680,137)	(468,754)
			(50,820)	-
230,862	-		-	(189,442)
-	-		-	230,862
<u>230,862</u>	<u>-</u>		<u>(137,434)</u>	<u>(29,741)</u>
<b>Cash flows from (used in) financing activities</b>				
-	-		1,267	(1,917)
			163,519	4,525
			77,172	49,532
			(1,542)	(31,861)
			(60,128)	(36,902)
4,257	4,857		4,857	4,257
(103,969)	(53,808)		(53,808)	(103,969)
(6,612)	(3,457)		(3,457)	(6,612)
(199,902)	7,498			
<u>(306,226)</u>	<u>(44,910)</u>		<u>127,880</u>	<u>(122,947)</u>
-	(1)		18,820	(12,236)
2	2		5,867	(4,013)
			(3,867)	21,457
			3,321	659
<u>2</u>	<u>1</u>		<u>24,141</u>	<u>5,867</u>
<b>Reconciliation of closing cash</b>				
2	1		31,824	18,884
			(7,683)	(13,017)
<u>2</u>	<u>1</u>		<u>24,141</u>	<u>5,867</u>

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