

## **News Release**

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STOCK EXCHANGE LISTINGS: NEW ZEALAND (FPH), AUSTRALIA (FPH)

### **FISHER & PAYKEL HEALTHCARE REPORTS HALF YEAR RESULTS**

Auckland, New Zealand, 20 November 2008 - Fisher & Paykel Healthcare Corporation Limited (NZSX:FPH, ASX:FPH) announced today that very strong growth in its respiratory and acute care product group contributed to profit after tax of NZ\$28.3 million for the six months ended 30 September 2008, a 51% increase on the same period last year. Operating profit grew 48% to NZ\$46.1 million.

#### **Operating revenue**

Operating revenue for the six months ended 30 September increased 24% compared to the same period last year to NZ\$213.3 million, and in US dollar terms, grew 25% to US\$159.6 million.

Respiratory and acute care product group operating revenue increased by 36% in US dollar terms and OSA product group operating revenue increased by 14%, in US dollar terms, compared to the same period last year.

“Demand for our respiratory humidifier systems was exceptionally strong in the first half as we delivered substantial orders for hospital Group Purchasing Organisation (GPO) contracts in the United States and filled respiratory consumable backorders.

In the expanding OSA treatment market, we achieved an encouraging 15% growth, in US dollar terms, for total mask and flow generator operating revenue. Last month, we introduced into the United States our new premium CPAP range and two new masks, which we expect will contribute to growth in the second half”, commented Fisher & Paykel Healthcare’s CEO, Mr Michael Daniell.

“We continue to make encouraging progress in developing opportunities for our technologies to assist in the care of patients beyond our traditional intensive care market. These include patients requiring non-invasive ventilation, oxygen therapy, humidity therapy and laparoscopic surgery”, concluded Mr Daniell.

#### **Dividend**

The company’s directors have approved an interim dividend for the financial year ending 31 March 2009 of 5.4 NZ cents per ordinary share (2008: 5.4 cents), carrying full imputation credit. Non-resident shareholders will receive a supplementary dividend of 0.953 NZ cents per share. The interim dividend will be paid on 12 December 2008, with a record date of 3 December, and an ex-dividend date of 27 November for the ASX and 4 December for the NZSX.

#### **Research & Development, SG&A**

Research and development expenses increased by 16% over the prior comparable period to NZ\$13.3 million, representing 6.2% of operating revenue. The company continued to expand its product and process research and development activities and current new product projects include flow generators, masks and additional respiratory care consumables.

Selling, general and administrative (SG&A) expenses grew 21% to NZ\$60.2 million as the company continued to expand its operations and its sales teams in North America, Europe, Asia/Pacific and South America.

#### **Outlook**

For the remainder of the 2009 financial year the company expects to continue to achieve strong revenue growth and estimates that at an average NZD:USD exchange rate of 0.55 it will achieve operating

revenue growth of about 25% to approximately NZ\$450 million, operating profit of approximately NZ\$100 million and profit after tax of approximately NZ\$60 million.

### **Financial Statements and Commentary**

Attached to this news release are condensed unaudited NZ dollar financial statements and commentary. For convenience the income statement has been translated into US dollars.

The company's unaudited financial statements for the six months ended 30 September 2008 and the comparative financial information for the six months ended 30 September 2007 have been prepared under the New Zealand equivalents to International Financial Reporting Standards (NZ IFRS).

### **Full Year Results Conference Call**

Fisher & Paykel Healthcare will host a conference call to review the results and to discuss the outlook for the remainder of the 2009 financial year. The conference call is scheduled to begin today at 10:00am NZDT, 8:00am AEDT (4:00pm USEST) and will be broadcast simultaneously over the Internet.

To listen to the webcast access the company's website at [www.fphcare.com](http://www.fphcare.com). Please allow extra time prior to the webcast to visit the site and download the streaming media software required. An online archive of the event will be available approximately two hours after the webcast and will remain onsite for two weeks.

Intending participants may register for the conference call prior to the event, using this link: <http://www.fphcare.com/investor/conference>. Once registered, participants will be assigned a conference passcode and user PIN. Registered participants can dial in to one of the numbers below and use their codes for instant access to the conference. Alternatively, dial in to one of the numbers below a few minutes prior to the scheduled call time and identify yourself to the operator:

New Zealand Toll Free	0800 449 118
Australia Toll Free	1800 555 616
USA Toll Free	1866 369 4113
International	+61 3 9221 4420

An audio replay of the conference call will be available approximately 60 minutes after the call and will be accessible for two weeks at +61 3 9221 4752, access code 006001.

### **About Fisher & Paykel Healthcare**

Fisher & Paykel Healthcare is a leading designer, manufacturer and marketer of heated humidification products and systems for use in respiratory care, acute care and the treatment of obstructive sleep apnea. The company's products are sold in over 110 countries worldwide. For more information about the company visit [www.fphcare.com](http://www.fphcare.com)

Contact: Michael Daniell MD/CEO on +64 9 574 0161 or Tony Barclay CFO on +64 9 574 0119.

**FISHER & PAYKEL HEALTHCARE CORPORATION LIMITED  
AND SUBSIDIARIES**

**Unaudited Income Statements**

**(In thousands of NZ dollars, except per share data)**

	<b>Six Months Ended 30 September</b>		
	<b>2008</b>	<b>2007</b>	<b>% Change</b>
Operating revenue	213,271	172,548	+24%
Cost of sales	(95,188)	(80,068)	+19%
Gross profit	118,083	92,480	+28%
Gross margin	55.4%	53.6%	
Other income	1,500	-	
Selling, general and administrative expenses	(60,224)	(49,838)	+21%
Research and development expenses	(13,308)	(11,456)	+16%
Operating profit before financing costs	46,051	31,186	+48%
Operating margin	21.6%	18.1%	
Financing income	980	22	+4355%
Financing expense	(3,877)	(2,242)	+73%
Exchange gain (loss) on foreign currency borrowings	(3,355)	798	-520%
Net financing expenses	(6,252)	(1,422)	
Profit before tax	39,799	29,764	+34%
Tax expense	(11,536)	(11,068)	+4%
Profit after tax	28,263	18,696	+51%
Basic earnings per share	5.5 cps	3.7 cps	+49%
Diluted earnings per share	5.4 cps	3.6 cps	+50%
Weighted average basic shares outstanding	509,465,471	510,032,719	
Weighted average diluted shares outstanding	525,826,551	525,025,490	

**FISHER & PAYKEL HEALTHCARE CORPORATION LIMITED  
AND SUBSIDIARIES**

**Unaudited Income Statements**

**(In thousands of US dollars, except per share data)**

	<b>Six Months Ended 30 September</b>		
	<b>2008</b>	<b>2007</b>	<b>% Change</b>
Operating revenue	159,569	127,703	+25%
Cost of sales	(71,220)	(59,258)	+20%
Gross profit	88,349	68,445	+29%
Gross margin	55.4%	53.6%	
Other income	1,122	-	
Selling, general and administrative expenses	(45,059)	(36,886)	+22%
Research and development expenses	(9,957)	(8,479)	+17%
Operating profit before financing costs	34,455	23,080	+49%
Operating margin	21.6%	18.1%	
Financing income	733	16	+4481%
Financing expense	(2,901)	(1,659)	+75%
Exchange gain (loss) on foreign currency borrowings	(2,510)	591	-525%
Net financing expenses	(4,678)	(1,052)	
Profit before tax	29,777	22,028	+35%
Tax expense	(8,631)	(8,191)	+5%
Profit after tax	21,146	13,837	+53%
Basic earnings per share	4.2 cps	2.7 cps	+56%
Diluted earnings per share	4.0 cps	2.6 cps	+54%
Weighted average basic shares outstanding	509,465,471	510,032,719	
Weighted average diluted shares outstanding	525,826,551	525,025,490	

**Unaudited Operating Revenue**  
**(In thousands of dollars)**

**Six Months Ended 30 September**

	NZ dollars			US dollars		
	2008	2007	% Change	2008	2007	% Change
Respiratory and acute care products	116,503	86,533	+35%	87,105	64,090	+36%
OSA products	90,856	80,814	+12%	68,041	59,766	+14%
Core products sub-total	207,359	167,347	+24%	155,146	123,856	+25%
Distributed and other products	5,912	5,201	+14%	4,423	3,847	+15%
Total operating revenue	\$213,271	\$172,548	+24%	\$159,569	\$127,703	+25%

**Unaudited Condensed Balance Sheets**  
**(In thousands of NZ dollars)**

**As at 30 September**

	2008	2007
Cash and cash equivalents	8,700	4,611
Trade and other receivables	74,213	58,570
Inventories	62,478	54,677
Other current assets	5,192	11,345
Total current assets	150,583	129,203
Property, plant and equipment	189,033	188,249
Other non-current assets	20,109	15,922
Total assets	359,725	333,374
Current liabilities	118,783	120,625
Non-current liabilities	54,843	3,947
Shareholders' equity	186,099	208,802
Total liabilities and shareholders' equity	359,725	333,374

**Unaudited Condensed Statements of Cash Flows**  
(In thousands of NZ dollars)

**Six Months Ended  
30 September**

	<b>2008</b>	<b>2007</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Receipts from customers	205,352	173,255
Dividends received	5	4
Interest received	938	24
Payments to suppliers and employees	(169,436)	(149,890)
Tax paid	(4,370)	(7,068)
Interest paid	(3,030)	(2,184)
Net cash flows from operations	29,459	14,141
<b>CASH FLOWS (USED IN) INVESTING ACTIVITIES</b>		
Net purchase of property, plant and equipment	(8,294)	(7,006)
Purchase of intangible assets	(813)	(460)
Net cash flows (used in) investing activities	(9,107)	(7,466)
<b>CASH FLOWS (USED IN) FINANCING ACTIVITIES</b>		
Employee share purchase schemes	338	271
Net issue (repurchase) of share capital	56	(12,128)
New borrowings	42,642	39,486
Repayment of borrowings	(24,794)	-
Dividends paid	(36,891)	(38,494)
Net cash flows (used in) financing activities	(18,649)	(10,865)
Net increase (decrease) in cash	1,703	(4,190)
Opening cash	(3,294)	2,283
Effect of foreign exchange rates	463	(248)
Closing cash	(1,128)	(2,155)
<b>RECONCILIATION OF CLOSING CASH</b>		
Cash and cash equivalents	8,700	4,611
Bank overdrafts	(9,828)	(6,766)
Closing cash	(1,128)	(2,155)

## HALF YEAR REVIEW

Our growth strategy remains consistent – expand our range of innovative products, develop opportunities to serve additional patient groups and increase our international presence. During the first half of the 2009 financial year we continued to make very encouraging progress against those objectives. We introduced a number of significant new products, increased our investment in research and development and continued to expand our international sales activities.

Profit after tax for the six months increased 51% to NZ\$28.3 million compared to NZ\$18.7 million for the same period last year. Operating profit grew 48% to NZ\$46.1 million compared to NZ\$31.2 million for the first half last year.

Operating revenue in NZ dollar terms increased 24% to NZ\$213.3 million for the six months. Expressed in US dollars, operating revenue grew a very encouraging 25% to US\$159.6 million, with particularly strong growth achieved in our respiratory and acute care product group.

Our operating revenue is generated in a variety of currencies, with our products sold in more than 110 countries in total. US dollars contributed 59% of operating revenue, Euros 23%, Australian dollars 8%, British pounds 5%, New Zealand dollars 1%, and other currencies 4%.

Currency exchange rates have continued to be very volatile. During the six months, the NZD:USD spot exchange rate ranged from 0.80 to 0.64 with an average spot rate of 0.7444, slightly above the average spot rate of 0.7427 for the same period last year.

Your directors have approved an interim dividend for the financial year ending 31 March 2009 of NZ 5.4 cents per ordinary share (2008: 5.4 cents), carrying full imputation credit. Non-resident shareholders will receive a supplementary dividend of NZ 0.953 cents per share. The interim dividend will be paid on 12 December 2008, with a record date of 3 December, and an ex-dividend date of 27 November for the ASX and 4 December for the NZSX.

## OPERATING REVENUE BY PRODUCT GROUP

US DOLLARS				NZ DOLLARS		
Six Months Ended 30 September				Six Months Ended 30 September		
Percentage variation	2007 US\$000	2008 US\$000	Product Group	2008 NZ\$000	2007 NZ\$000	Percentage variation
+36%	64,090	87,105	Respiratory & acute care	116,503	86,533	+35%
+14%	59,766	68,041	Obstructive sleep apnea	90,856	80,814	+12%
+25%	123,856	155,146	Core products subtotal	207,359	167,347	+24%
+15%	3,847	4,423	Distributed and other	5,912	5,201	+14%
<b>+25%</b>	<b>\$127,703</b>	<b>\$159,569</b>	<b>Total</b>	<b>\$213,271</b>	<b>\$172,548</b>	<b>+24%</b>

## **RESPIRATORY & ACUTE CARE**

Our heated humidifier systems play an important role in improving patient care in the treatment of a variety of medical conditions which interfere with normal respiration. Warming and moistening of the gases delivered through mechanical ventilation or oxygen therapy helps to reproduce the normal functioning of the nose and upper airways and reduces airway moisture loss and the occurrence of adverse side effects.

Our devices include humidifier controllers, chambers, breathing circuits which convey medical gases to and from the patient, interfaces, oxygen therapy systems, neonatal resuscitators and warmers. We are also pioneering a humidification system which humidifies the cold, dry carbon dioxide gas which is used to inflate the patient's abdomen during 'keyhole' or laparoscopic surgery.

Demand for our respiratory humidification devices was particularly robust during the six months and contributed to respiratory and acute care operating revenue of US\$87.1 million, up 36% on the same period last year.

We have previously outlined the opportunities we were pursuing to increase the number of patients our devices can assist, by expanding from our traditional intensive care ventilation market into non-invasive ventilation, oxygen therapy, humidity therapy, neonatal respiratory care and surgery. We continued to make very encouraging progress, with revenue from those new applications growing strongly.

Recently we began to make our technology available to even more respiratory patients with the introduction of our new PT100 humidity therapy device, which has application in the hospital as well as the home. This device has been designed to provide humidity therapy and to assist with the treatment of patients with chronic obstructive pulmonary disease, or COPD.

## **OBSTRUCTIVE SLEEP APNEA**

Most people with OSA do not realize that they have a condition which causes excessive daytime fatigue, is associated with cardiovascular disease, strokes and diabetes, and is directly linked to hypertension. In fact, tens of millions of people worldwide who have untreated OSA stop breathing for short periods many times each night while they are asleep.

Continuous positive airway pressure, or CPAP, therapy is the most common treatment for OSA. CPAP therapy prevents the collapse and blockage of the airway during periods of deep sleep and is delivered using an air flow generator, humidifier, tubing and mask.

For our OSA product group, operating revenue grew 14% to US\$68.0 million for the six months. We continued to expand our CPAP flow generator and mask offering for the treatment of obstructive sleep apnea and have recently introduced a new premium CPAP flow generator range and two new masks.

The new SleepStyle 240 CPAP flow generators are able to collect data during treatment onto a removable USB SmartStick flash memory device which may be conveniently

reviewed by the patient's physician without the need for any special card reading hardware. The ability to provide efficacy reporting and removable data storage media opens up a new product category for us. The SleepStyle 240 broadens our premium flow generator device offering alongside our SleepStyle Auto flow generator.

The innovative design of our new Zest nasal mask combines a new Easy-Clip silicone seal with our previously proven FlexiFit and Glider technology. The Zest is small and quiet and is designed to fit most patients straight out of the box. Our new Forma full face mask offers enhanced comfort with a greater range of movement due to its new FlexiFoam cushion. The cushion is soft and light and features advanced active contouring that conforms naturally to the patient's face.

### **INTERNATIONAL SALES**

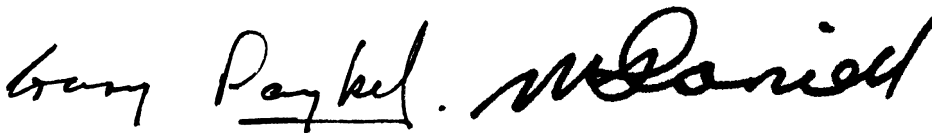
North America generated 46% of our operating revenue for the half year, with Europe contributing 32% and Asia/Pacific and Other 22%. Our products are sold in more than 110 countries around the world.

We have continued to expand our international sales, marketing and operations teams to increase our geographical coverage and to support ongoing growth. We have our own sales offices or sales support staff located in 26 countries.

### **RESEARCH AND DEVELOPMENT**

Investment in research and development continues to be fundamental to increasing our opportunities for growth and to ensuring that we can offer devices which can improve patient care and outcomes.

Our research and development expenditure grew 16% compared with the same period last year to NZ\$13.3 million, representing 6.2% of operating revenue. We have already introduced a number of new products this year and have a substantial new product pipeline under development which includes additional masks, breathing system consumables and flow generators.

Handwritten signatures of Gary Paykel and Michael Daniell in black ink.

**GARY PAYKEL**  
Chairman

**MICHAEL DANIELL**  
Managing Director and  
Chief Executive Officer