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Fisher & Paykel
HEALTHCARE

Investor Information

ENQUIRIES

Shareholders with enquiries about share transactions, changes of address or dividend payments should contact the share registry in the country in which their shares are registered.

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FORWARD LOOKING STATEMENTS

This document may contain forward-looking statements that represent the company's present expectations or beliefs concerning future events. The company cautions that such statements involve known or unknown risks, uncertainties and other factors that may cause its actual results or performance to be materially different from any future results or performance expressed or implied by these forward-looking statements. These factors include: foreign exchange currency fluctuations, because its revenues, costs and liabilities are denominated in multiple currencies; competitive factors, because the markets for its products are highly competitive; a change in the technology relating to its products; fluctuations in its future financial results; its ability to protect its proprietary technologies by successfully enforcing its intellectual property rights, and not infringing the patents or proprietary rights of other parties; the ability of patients to be reimbursed by third-party payors; product recalls; and operational, political and other business risks arising from the international scope of its operations. Additional discussion of these and other factors which may cause the company's results or performance to differ materially from those expressed or implied in the forward-looking statements is contained in the company's filings with the US Securities and Exchange Commission, including under the heading "Risk Factors" in its Annual Report on form 20F filed on 1 July 2002. The company does not undertake to publicly update or revise any forward-looking statements.

2003

INTERIM
REPORT

Half Year Review

Our interim report for the first half of the 2003 financial year coincides with the first anniversary of Fisher & Paykel Healthcare Corporation Limited becoming a stand-alone company. It has been an encouraging period for us with some notable achievements in revenue and earnings growth. Our results demonstrate the wisdom of the separation decision, with our shareholders able to clearly see how and where we are creating value.

RECORD NET EARNINGS

We achieved record net earnings from continuing operations of NZ\$33.8 million for the six months ended 30 September 2002. Core product revenue growth, which increased by 15% in US dollar terms, was an important contributor. This result includes an after-tax foreign currency exchange gain of NZ\$9.1 million and is 32% higher than the comparable half-year result last year.

It has been an encouraging period for us with some notable achievements in revenue and earnings growth.

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REVENUE BY PRODUCT GROUP

US DOLLARS Six Months Ended September 30,			NZ DOLLARS Six Months Ended September 30,			
Percentage variation	2001 US\$000	2002 US\$000	Product Group	2002 NZ\$000	2001 NZ\$000	Percentage variation
+6%	22,012	23,431	Respiratory humidification	50,034	53,083	-6%
+28%	14,774	18,917	Obstructive sleep apnea	40,442	35,687	+13%
+14%	2,379	2,709	Patient warming and neonatal care	5,771	5,713	+1%
+15%	39,165	45,057	Core products sub-total	96,247	94,483	+2%
-23%	2,925	2,263	Distributed	4,842	7,042	-31%
+12%	\$42,090	\$47,320	Total	\$101,089	\$101,525	0%

OBSTRUCTIVE SLEEP APNEA

Our half-year results reflect the very positive performance achieved by our obstructive sleep apnea (OSA) products. OSA product group revenues for the half-year grew 28% in US dollars. This growth was driven by strong acceptance of our new HC221 and HC220 integrated flow generator-humidifiers, increased sales of CPAP humidifiers and continuing growth in demand for our Aclaim2 and Oracle masks. Accessories and consumables, which include masks, now account for approximately a quarter of our total OSA revenues.

Significantly improved Medicare/Medicaid reimbursement levels for heated humidification came into effect in the US on 1 July 2002. As the market continues to move increasingly towards heated humidification we believe we are well positioned to benefit with our full range of innovative OSA humidification products.

RESPIRATORY HUMIDIFICATION

Our respiratory humidification product group also performed well, achieving revenue growth of 6% in US dollars over the prior comparable six month period. Humidifier system hardware and consumables were both important contributors to this growth. We saw a continued increase in demand for our more sophisticated, higher value humidifier systems. Single-use adult breathing circuit volumes also grew well off an increasing base. In addition, sales of our recently introduced neonatal breathing circuits into Europe, Australasia and Asia made a useful contribution to revenue and volume growth.

PATIENT WARMING AND NEONATAL CARE

In patient warming and neonatal care revenues grew strongly, up 14% in US dollars for the half-year. We were again successful in winning a number of tenders for neonatal warmers in countries as diverse as Mexico, Russia and Algeria.

Our neonatal bubble CPAP system, which is used to support breathing of new-born babies, has been well accepted in New Zealand and Australia and is now being introduced to Europe and Asia. We intend to introduce bubble CPAP into the US once we secure FDA clearance.

RESEARCH & DEVELOPMENT

Our investment in research and development continues to reflect its importance to our growth in all market segments. We invested 5.6% of revenue in the half-year, an increase of 13% in NZ dollar terms. Our product development teams are engaged in a number of exciting projects in each of our product groups and we expect to be announcing several significant new products during calendar 2003.

2003

INTERIM
REPORT

INTERNATIONAL SALES

Our products are sold in more than 90 countries around the world. North America contributed 49% of our revenues for the half-year, Europe contributed 27%, while Asia-Pacific contributed 21%. Most of our revenues are generated in US dollars and Euros. We currently have in place a mix of foreign exchange contracts and call options up to five years forward, with a face value of approximately NZ\$470 million. These instruments are at average exchange rates of approximately 0.46 US dollars and 0.46 Euros to the New Zealand dollar and are to protect the company from exchange rate volatility.

DIVIDEND

The Directors have declared an interim dividend for the fiscal year ending 31 March 2003 of NZ 23 cents per ordinary share, carrying a full imputation credit. Non-resident shareholders will receive a supplementary dividend of NZ 4.06 cents per share. The interim dividend will be paid on 29 November 2002, with a record date of 22 November for the NZSE, and an ex-dividend date of 18 November for the ASX and 25 November for the NZSE.

Based on current trading the Directors expect a total dividend for the year ending 31 March 2003 of around NZ 50 cents per share.

OUTLOOK

We expect to see a continuation of strong revenue growth in our core products in the second half of the year and we are on target to achieve total revenue for the year of approximately US\$100 million.

We are well positioned in all of our markets, especially OSA where demand is very encouraging for our integrated flow generator-humidifiers, CPAP humidifiers and masks. In respiratory humidification, we expect growth will continue to be driven by increasing acceptance of our sophisticated MR850 humidifier system and increasing sales of adult and neonatal breathing circuits.

North
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Europe
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Asia-Pacific
contributed
21%.



Gary Paykel
Chairman



Michael Daniell
Managing Director
Chief Executive Officer

Fiscal Year Ended March 31, 2002	US DOLLARS		NOTES	NZ DOLLARS		Fiscal Year Ended March 31, 2002
	Six Months Ended September 30, 2001	Six Months Ended September 30, 2002		Six Months Ended September 30, 2002	Six Months Ended September 30, 2001	
US\$000	US\$000	US\$000		NZ\$000	NZ\$000	NZ\$000
CONTINUING OPERATIONS						
89,250	42,090	47,320	Operating revenue	101,089	101,525	214,596
27,371	11,692	15,189	Cost of sales	32,449	28,137	65,811
61,879	30,398	32,131	Gross profit	68,640	73,388	148,785
Operating expenses:						
23,547	11,642	12,797	Selling, general and administrative expenses	27,338	28,089	56,619
4,269	2,075	2,645	Research and development expenses	5,650	5,006	10,264
27,816	13,717	15,442	Total operating expenses	32,988	33,095	66,883
34,063	16,681	16,689	Operating profit	35,652	40,293	81,902
Other income (expenses), net:						
(111)	(388)	852	Interest income (expense), net	1,820	(933)	(267)
6,870	963	6,391	Foreign currency exchange profit (loss)	13,654	(959)	13,313
(454)	-	-	Other expenses	6	-	(1,092)
6,305	575	7,243	Total other income (expenses), net	15,474	(1,892)	11,954
40,368	17,256	23,932	Profit from continuing operations before taxation	51,126	38,401	93,856
(13,554)	(5,708)	(8,107)	Taxation	(17,319)	(12,713)	(31,532)
26,814	11,548	15,825	Profit from continuing operations after taxation	33,807	25,688	62,324
DISCONTINUED OPERATIONS						
193,352	154,072	-	Operating revenue from discontinued operations	-	371,496	464,901
10,723	6,181	-	Profit from discontinued operations before abnormal items	-	18,114	25,783
(12,054)	-	-	Abnormal items	-	-	(28,982)
(1,331)	6,181	-	Profit (loss) from discontinued operations before taxation	-	18,114	(3,199)
(4,574)	(2,165)	-	Taxation	-	(6,271)	(10,997)
(5,905)	4,016	-	Profit (loss) from discontinued operations after taxation	-	11,843	(14,196)
20,909	15,564	15,825	GROUP PROFIT	33,807	37,531	48,128
\$0.24	\$0.10	\$0.15	Basic earnings from continuing operations per share	\$0.33	\$0.22	\$0.56
\$0.24	\$0.10	\$0.15	Diluted earnings from continuing operations per share	\$0.33	\$0.22	\$0.56
111,537,416	118,111,137	102,353,221	Weighted average basic shares outstanding	102,353,221	118,111,137	111,537,416
112,173,791	118,111,137	103,874,888	Weighted average diluted shares outstanding	103,874,888	118,111,137	112,173,791
\$0.96	\$0.39	\$0.62	Basic earnings from continuing operations per ADS ⁽¹⁾	\$1.32	\$0.87	\$2.24
\$0.96	\$0.39	\$0.61	Diluted earnings from continuing operations per ADS ⁽¹⁾	\$1.30	\$0.87	\$2.22
27,884,354	29,527,784	25,588,305	Notional weighted average basic ADSs outstanding ⁽¹⁾	25,588,305	29,527,784	27,884,354
28,043,448	29,527,784	25,968,722	Notional weighted average diluted ADSs outstanding ⁽¹⁾	25,968,722	29,527,784	28,043,448

(1) Assumes four outstanding ordinary shares are equal to one ADS.

UNAUDITED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

FISHER & PAYKEL HEALTHCARE CORPORATION LIMITED

March 31, 2002	US DOLLARS		September 30, 2002	NOTES	NZ DOLLARS		March 31, 2002
	September 30, 2001	September 30, 2001			September 30, 2002	September 30, 2001	
US\$000	US\$000	US\$000			NZ\$000	NZ\$000	NZ\$000
ASSETS							
Current assets							
32,315	1,210	10,494	Cash and bank balances		22,352	2,972	73,310
-	-	19,463	Short-term investments		41,455	-	-
18,404	13,613	19,403	Debtors and prepayments	3	41,328	33,447	41,752
8,470	11,407	10,472	Inventories	4	22,305	28,028	19,216
1,718	1,468	116	Taxation		247	3,607	3,897
1,061	605	741	Employee share ownership plans loans, current portion		1,578	1,487	2,407
61,968	28,303	60,689	Current assets continuing operations		129,265	69,541	140,582
-	165,246	-	Current assets discontinued operations		-	406,010	-
61,968	193,549	60,689	Total current assets		129,265	475,551	140
Long-term assets							
27,874	25,393	32,612	Fixed assets		69,461	62,390	63,236
741	16	762	Patents and trademarks		1,622	40	1,681
1,651	2,782	1,524	Employee share ownership plans loans		3,247	6,836	3,745
172	-	735	Debtors and prepayments	3	1,565	-	390
1,133	1,125	1,116	Goodwill on consolidation		2,378	2,763	2,570
1,379	2,164	1,712	Deferred taxation		3,647	5,317	3,129
-	160,554	-	Long-term assets discontinued operations		-	394,482	-
94,918	385,583	99,150	Total assets		211,185	947,379	215,333
LIABILITIES							
Current liabilities							
558	893	727	Bank overdrafts		1,548	2,194	1,267
3,688	2,537	3,992	Trade creditors		8,503	6,234	8,367
6,495	10,440	1,527	Provisions		3,252	25,652	14,734
2,727	5,569	2,508	Term borrowings		5,341	13,684	6,187
1,029	1,000	712	Taxation		1,516	2,457	2,335
3,910	4,888	3,416	Other liabilities		7,279	12,006	8,870
18,407	25,327	12,882	Current liabilities continuing operations		27,439	62,227	41,760
-	132,890	-	Current liabilities discontinued operations		-	326,512	-
18,407	158,217	12,882	Total current liabilities		27,439	388,739	41,760
Long-term liabilities							
75	3,420	2,355	Provisions		5,017	8,404	170
670	-	-	Term borrowings		-	-	1,520
-	82,973	-	Long-term liabilities discontinued operations		-	203,864	-
19,152	244,610	15,237	Total liabilities		32,456	601,007	43,450
SHAREHOLDERS' EQUITY							
75,766	140,973	83,913	Shareholders' equity		178,729	346,372	171,883
75,766	140,973	83,913	Total shareholders' equity		178,729	346,372	171,883
94,918	385,583	99,150	Total liabilities and shareholders' equity		211,185	947,379	215,333

UNAUDITED CONSOLIDATED STATEMENTS OF MOVEMENTS IN EQUITY

FISHER & PAYKEL HEALTHCARE CORPORATION LIMITED

Fiscal Year Ended March 31, 2002	US DOLLARS			NZ DOLLARS		Fiscal Year Ended March 31, 2002
	Six Months Ended September 30, 2001	Six Months Ended September 30, 2002		Six Months Ended September 30, 2002	Six Months Ended September 30, 2001	
US\$000	US\$000	US\$000		NZ\$000	NZ\$000	NZ\$000
153,944	153,944	75,766	Shareholders' equity at the beginning of the period	171,883	384,038	384,038
20,909	15,564	15,825	Group profit	33,807	37,531	48,128
9,167	2,286	4,092	Movement in currency translation reserve	(1,562)	(785)	400
30,076	17,850	19,917		32,245	36,746	48,528
11,085	-	88	Issue of share capital	188	-	26,666
971	-	-	Increase in equity from disposition of unallocated shares	-	-	2,335
(89,489)	-	-	Repurchase of share capital	-	-	(215,272)
(30,821)	(30,821)	(11,858)	Dividends	(25,587)	(74,412)	(74,412)
75,766	140,973	83,913	Shareholders' equity at the end of the period	178,729	346,372	171,883

UNAUDITED CONSOLIDATED STATEMENTS OF CASH FLOWS

FISHER & PAYKEL HEALTHCARE CORPORATION LIMITED

Fiscal Year Ended	US DOLLARS		NOTES	NZ DOLLARS		
	Six Months Ended	Six Months Ended		Six Months Ended	Six Months Ended	Six Months Ended
March 31, 2002	September 30, 2001	September 30, 2002		September 30, 2002	September 30, 2001	September 30, 2001
US\$000	US\$000	US\$000		NZ\$000	NZ\$000	NZ\$000
CASH FLOWS FROM OPERATING ACTIVITIES						
81,278	42,447	49,814	Receipts from customers	106,417	102,356	195,427
63	22	-	Dividends received	-	54	151
476	-	903	Interest received	1,930	-	1,145
(55,825)	(31,904)	(30,928)	Payments to suppliers and employees	(66,056)	(75,886)	(134,210)
(10,365)	(2,336)	(6,408)	Taxation paid	(13,689)	(5,633)	(24,922)
(668)	(82)	(49)	Interest paid	(105)	(197)	(1,606)
14,959	8,147	13,332	Net cash flow from operations from continuing operations	5 28,497	20,694	35,985
13,236	8,210	-	Net cash flow from operations from discontinued operations	-	19,798	31,825
28,195	16,357	13,332	Net cash flow from operations	28,497	40,492	67,810
CASH FLOWS FROM (USED IN) INVESTING ACTIVITIES						
59	53	46	Sale of fixed assets	98	127	143
128,513	-	-	Proceeds from the disposal of Appliances and Finance businesses	-	-	309,000
(4,025)	-	-	Less cash disposed of in divestment of Appliances and Finance businesses	-	-	(9,679)
(5,494)	(2,271)	(4,681)	Purchase of fixed assets	(10,001)	(5,476)	(13,210)
-	-	17,571	Sale of short-term investments	37,537	-	-
-	-	(36,976)	Purchase of short-term investments	(78,992)	-	-
119,053	(2,218)	(24,040)	Net cash flow from (used in) investing activities from continuing operations	(51,358)	(5,349)	286,254
(2,404)	(2,095)	-	Net cash flow (used in) investing activities from discontinued operations	-	(5,052)	(5,780)
116,649	(4,313)	(24,040)	Net cash flow from (used in) investing activities	(51,358)	(10,401)	280,474
CASH FLOWS FROM (USED IN) FINANCING ACTIVITIES						
1,818	604	657	Employee share purchase schemes	1,403	1,456	4,371
10,870	-	88	Issue of share capital	187	-	26,136
(88,183)	-	-	Repurchase of share capital	-	-	(212,030)
5,986	1,981	2,250	New term borrowings	4,807	4,776	14,394
(6,141)	-	(3,253)	Repayment of term borrowings	(6,949)	-	(14,765)
(30,948)	(30,948)	(11,977)	Dividends paid	(25,587)	(74,412)	(74,412)
(1,889)	(1,923)	(937)	Supplementary dividends paid to overseas shareholders	(2,001)	(4,637)	(4,543)
(108,487)	(30,286)	(13,172)	Net cash flow (used in) financing activities from continuing operations	(28,140)	(72,817)	(260,849)
(6,986)	1,249	-	Net cash flow from (used in) financing activities from discontinued operations	-	2,797	(16,797)
(115,473)	(29,037)	(13,172)	Net cash flow (used in) financing activities	(28,140)	(70,020)	(277,646)
29,371	(16,993)	(23,880)	Net increase (decrease) in cash	(51,001)	(39,929)	70,638
687	687	31,757	Opening cash	72,043	1,706	1,706
1,699	999	1,890	Effect of foreign exchange rates	(238)	616	(301)
31,757	(15,307)	9,767	Closing cash	20,804	(37,607)	72,043
RECONCILIATION OF CLOSING CASH						
32,315	1,527	10,494	Bank	22,352	3,752	73,310
(558)	(6,862)	(727)	Bank overdrafts	(1,548)	(16,859)	(1,267)
-	(9,972)	-	Call borrowings	-	(24,500)	-
31,757	(15,307)	9,767		20,804	(37,607)	72,043

NOTE 1 ORGANISATION AND BASIS OF PRESENTATION

Fisher & Paykel Healthcare Corporation Limited, formerly known as Fisher & Paykel Industries Limited, is a New Zealand company which was renamed as part of a reorganisation in November 2001. As part of the reorganisation, the Appliances and Finance businesses of Fisher & Paykel Industries Limited were spun off to shareholders and are shown in these financial statements as discontinued operations. The Healthcare business, which is the only remaining business of Fisher & Paykel Industries Limited, is shown in these financial statements as continuing operations.

Fisher & Paykel Healthcare Corporation Limited and its subsidiaries ("the Company") design, manufacture and market products and systems for use in respiratory care and the treatment of obstructive sleep apnea. The Company's headquarters and manufacturing operations are located in New Zealand. Other principal distribution and sales sites are located in the United States, the United Kingdom, Australia and Europe.

The accompanying unaudited condensed consolidated financial statements have been prepared in accordance with Financial Reporting Standard No 24: Interim Financial Statements, issued by the Institute of Chartered Accountants of New Zealand, and are presented in NZ Dollars and US Dollars. The accompanying unaudited condensed consolidated financial statements do not include all of the information and footnotes required by NZ GAAP for complete financial statements. In the opinion of management, all adjustments (consisting of normal recurring accruals) considered necessary for a fair presentation have been included. Operating results for the six months ended September 30, 2002 are not necessarily indicative of the results that may be expected for the fiscal year ending March 31, 2003.

NOTE 2 ACCOUNTING POLICIES

All significant accounting policies have been applied on a basis consistent with those used in the audited financial statements for the year ended March 31, 2002.

NOTE 3 DEBTORS AND PREPAYMENTS

March 31, 2002	US DOLLARS September 30, 2001	September 30, 2002		September 30, 2002	NZ DOLLARS September 30, 2001	March 31, 2002
US\$000	US\$000	US\$000		NZ\$000	NZ\$000	NZ\$000
			CURRENT			
14,994	12,562	13,299	Trade debtors	28,326	30,864	34,016
(166)	(173)	(207)	Less allowance for doubtful accounts	(441)	(426)	(377)
14,828	12,389	13,092		27,885	30,438	33,639
1,674	1,224	1,013	Other debtors and prepayments	2,159	3,009	3,799
1,902	-	5,298	Unrealised gain on foreign currency instruments	11,284	-	4,314
18,404	13,613	19,403		41,328	33,447	41,752
			TERM			
172	-	735	Unrealised gain on foreign currency instruments	1,565	-	390
172	-	735		1,565	-	390

NOTE 4 INVENTORIES

March 31, 2002	US DOLLARS September 30, 2001	September 30, 2002		September 30, 2002	NZ DOLLARS September 30, 2001	March 31, 2002
US\$000	US\$000	US\$000		NZ\$000	NZ\$000	NZ\$000
3,303	3,549	2,890	Materials	6,155	8,720	7,493
5,960	8,073	8,181	Finished products	17,425	19,835	13,521
(793)	(215)	(599)	Provision for obsolescence	(1,275)	(527)	(1,798)
8,470	11,407	10,472		22,305	28,028	19,216

NOTE 5

CASHFLOW RECONCILIATION

Fiscal Year Ended March 31, 2002	US DOLLARS			NZ DOLLARS		Fiscal Year Ended March 31, 2002
	Six Months Ended September 30, 2001	Six Months Ended September 30, 2002		Six Months Ended September 30, 2002	Six Months Ended September 30, 2001	
US\$000	US\$000	US\$000		NZ\$000	NZ\$000	NZ\$000
26,814	11,548	15,825	Profit from continuing operations after taxation	33,807	25,688	62,324
			Add (deduct) non-cash items:			
2,517	1,095	1,594	Depreciation	3,405	2,639	6,051
1	-	87	Amortisation of patents	186	1	3
160	80	90	Amortisation of goodwill	192	192	385
(87)	-	3	Accrued interest income	18	-	(198)
111	130	228	Movement in provisions	439	314	204
39	(746)	(333)	Movement in deferred tax/future tax benefit	(518)	(1,799)	389
			Movement in working capital			
(2,416)	(2,127)	(1,766)	Payables and accruals	(1,375)	305	(3,615)
(2,819)	1,152	3,132	Debtors and prepayments	7,376	3,190	(3,286)
(1,107)	(4,044)	(2,002)	Inventory	(3,090)	(9,758)	(946)
4,665	4,515	2,222	Provision for taxation net of supplementary dividends paid	4,832	11,080	10,574
(12,860)	(4,360)	(7,609)	Movement in unrealised revaluations of foreign currency instruments	(15,219)	(11,150)	(34,896)
(59)	904	1,861	Foreign currency exchange translation	(1,556)	(8)	(1,004)
14,959	8,147	13,332	Net cash flow from operations from continuing operations	28,497	20,694	35,985

NOTE 6

NON RECURRING ITEMS RELATING TO SPIN-OFF

During the fiscal year ended March 31, 2002 the Company incurred costs in relation to the spin-off of the Appliances and Finance businesses and the US share offering and listing on the NASDAQ.

These costs include non-recurring directors' costs (comprising additional remuneration to non-executive directors for extensive work undertaken in connection with the spin-off, retirement benefits as provided for by the Company's constitution to non-executive directors upon retirement from the Company's board, and insurance costs) and non-recurring offering and listing expenses.

These costs will not be incurred on an ongoing basis, but have been included in profit from continuing operations as they do not qualify as costs relating to the discontinued operations.

NOTE 7

LOSS ON DISPOSAL OF APPLIANCES AND FINANCE BUSINESSES

During the fiscal year ended March 31, 2002, as part of the reorganisation, the Company incurred a loss in connection with the spin-off of the Appliances and Finance businesses of \$28,359,000 (\$US11,795,000). The loss is partially offset by operating profit from discontinued operations for the fiscal year ended March 31, 2002. The net loss is included in the loss from discontinued operations before taxation in the Statement of Financial Performance.

NOTE 8

FINANCIAL INSTRUMENTS

The Company enters into foreign currency option contracts and forward foreign currency contracts in managing its foreign exchange risk.

The purpose of the Company's foreign currency hedging activities is to protect the Company from exchange rate volatility with respect to functional currency (NZ Dollars) net cash movements resulting from the sales of products to foreign customers, and the purchase of raw materials in foreign currency from foreign and domestic suppliers. The Company enters into foreign currency option contracts and forward foreign currency contracts to hedge anticipated New Zealand based net sales/costs denominated principally in US Dollars, Euros, British Pounds and Australian Dollars.

The terms of the foreign currency option contracts and forward foreign currency contracts generally do not exceed three years.

As of April 1, 2001, the Company adopted Statement of Financial Accounting Standards No 133, "Accounting for Derivative Instruments and Hedging Activities" (SFAS 133), as amended, which standardises the accounting for derivative instruments. The Company's hedging contracts have not been designated as accounting hedges under SFAS 133 because of the restrictive definitions and therefore are marked to market with the resulting gains and losses being recognised in earnings in the period of change.

Unrealised gains or losses are recognised as incurred on the Statements of Financial Position as either other assets, within debtors and prepayments, or provisions and are recorded as gains or losses on the Statements of Financial Performance. Unrealised gains and losses on currency derivatives are determined based on dealer quoted prices.

NOTE 8 CONTINUED

FINANCIAL INSTRUMENTS

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

US DOLLARS				NZ DOLLARS		
March 31, 2002	September 30, 2001	September 30, 2002		September 30, 2002	September 30, 2001	March 31, 2002
US\$000	US\$000	US\$000		NZ\$000	NZ\$000	NZ\$000
-	-	122	Purchase commitments forward exchange contracts	260	-	-
37,757	3,131	107,898	Sale commitments forward exchange contracts	229,814	7,692	85,655
102,907	66,318	112,392	Put option agreements purchased	239,387	162,943	233,455
39,702	54,466	-	Call option agreements sold	-	133,824	90,069

NOTE 9

COMMITMENTS

There has been no material movement in capital expenditure or lease commitments from that disclosed in the 2002 Annual Report.

NOTE 10

CONTINGENCIES

Periodically we are party to litigation including product liability and patent claims.

On August 27, 2002, ResMed Inc. filed a lawsuit in the Federal District Court in San Diego against Fisher & Paykel Healthcare. The ResMed complaint seeks a judgement that selected Fisher & Paykel Healthcare mask products infringe patents held by ResMed. The complaint further charges Fisher & Paykel Healthcare with the copying of ResMed proprietary mask technology, and alleges trade dress and common law violations relating to the appearance of ResMed mask products.

On August 29, 2002, the Company refuted claims that the Company's Aclaim masks infringe patents and other intellectual property rights held by ResMed Inc. The Company has taken legal advice on the suit and believes that ResMed's claim against the Company is without merit and, if required, will defend the suit.

The Directors of Fisher & Paykel Healthcare cannot reasonably estimate the adverse effect (if any) on the company's Obstructive Sleep Apnea (OSA) business. If any of the claims are ultimately resolved against the Company's interests, there can be no assurance that such litigation will not have a material adverse effect on the Company's OSA business, financial condition or results of operations.