Fisher & Paykel Industries Limited Annual Report 200

Highlights

- Record Group Profit of $54.4 million exceeds $50 million for the first time.
- Overseas Revenue of $551.4 million exceed 70 percent of total trading revenue.
- Healthcare Revenue grows by 20.8 percent to exceed $140 million for first time.
- Whiteware Revenue grows by 17.7 percent to exceed $600 million for the first time.
- Net Cash Flow from Operations exceeds $100 million for the first time.
- Dividend increased to 25 cents per share.
- Special Dividend of 15 cents per share.

(Front Cover: Quantum Inox Stainless Steel Refrigerator, HC200 Combined Humidifier / CPAP Flow Generator)

Contents

Key Figures	2000	1999
	$000	$000
Total Revenue		
Continuing Businesses	819,450	698,019
Discontinuing Businesses	14,818	75,362
International Revenue	551,387	455,541
Net Profit before Interest and Taxation		
excluding abnormal items	93,986	63,006
Group Profit		
excluding abnormal items	54,365	35,091
including abnormal items	54,365	18,500
Total Shareholders' Equity	385,933	372,729
Dividend Amount	47,189 *	38,772 *
Earnings per Share		
excluding abnormal items	46c	30c
Dividend per Share	40c *	33c *

* 2000 and 1999 both included a special dividend of 15c

Financial Calendar

March	Final Dividend Paid
June	Final Results Announced
August	Annual Meeting
September	Interim Dividend Paid
November	Half Year Results Announced

Chief Executive Officer's Report

Gary Paykel Chief Executive Officer (Second from left) at the opening of Whiteware's new National and NSW facility in Sydney - with Jeff Canham, Mike Church (Australian Sales / Marketing) and Andrew Paykel (NSW State Manager).

"The 55 percent improvement in Group profit after taxation reflects the effectiveness of the company's strategy to focus on the three businesses of the "new" Fisher & Paykel - Healthcare, Whiteware and Finance New Zealand."

The Group Profit of $54.4 million is a significant step towards returning the Company's earnings to an acceptable level. The improved earnings reflects the focus that the three businesses of the "new" Fisher & Paykel - Healthcare, Whiteware and Finance - have on profitable opportunities within their defined strategic goals.

Healthcare continues to be one of New Zealand's international success stories. Healthcare's revenue growth of 20.8 percent to $143.3 million, whilst maintaining its profit margin above 35 percent, reflects its ongoing successful implementation of strategies put in place over the last five years.

These strategies see Healthcare focusing on its areas of clinical expertise, particularly humidification and, more recently, patient warming, while building its own international sales network.

Whiteware's improved earnings reflects the benefits that this business is starting to achieve 12 months after being restructured into a single focused business unit.

Whiteware's revenue grew by 17.7 percent to $624.6 million, while improving profit margin from 4.4 percent to 6.2 percent.

Improved sales in New Zealand and Australia, together with our ongoing initiatives in the USA, increased revenue to record levels.

Efficiency improvements throughout Whiteware and margin opportunities from the Quantum strategy, contributed to the improved financial performance.

Fisher & Paykel Finance's contribution of $6.8 million to the Group's profit continues its strong return for the funds that we have invested in our New Zealand finance business, together with the role our Finance company plays in assisting the sale of the Group's products.

The Group's cash flow of $104.9 million compared favourably with $75.3 million the previous year.

I am very pleased with the way in which our new structure has brought a more focused approach to our capital expenditure decision making. This is particularly so in Whiteware, where capital expenditure was less than depreciation. In the 2000 / 2001 financial year we see capital expenditure similarly matching depreciation.

We invested a total of $65.3 million of capital in Healthcare and Whiteware during the last financial year. This included the initial expenditure on Healthcare's new purpose-built facility that they will move into next month. This figure was offset by $6.5 million from land and building sales. Depreciation was $63.0 million.

Along with the restructuring of Fisher & Paykel, there is a recognition of the need to better manage our funds employed as part of our focus on improving shareholder value.

Revenue achieved, when compared with last year, was as follows:

	New Zealand		International		Total	
	2000	1999	2000	1999	2000	1999
	$000	$000	$000	$000	$000	$000
Whiteware	206,320	183,882	418,284	345,605	624,604	529,487
Healthcare	10,194	8,713	133,103	109,936	143,297	118,649
Total Trading Revenue	216,514	192,595	551,387	455,541	767,901	648,136
Finance New Zealand					50,463	48,554
Interest and Dividend					1,086	1,329
Total Continuing Businesses					819,450	698,019
Discontinuing Businesses					14,818	75,362
Total Revenue					$834,268	$773,381

With the restructuring being substantially complete and with improved earnings starting to flow, the Directors felt it important to formalise the Company's dividend policy. In March 2000 we announced that the Company will maintain a dividend payout of close to 60 percent of Group Profit, subject to forward capital expenditure and working capital requirements. In addition, special dividends may be declared when appropriate.

Dividends will also be paid in the period to which they relate, changing our dividend payouts to September and March. Under the terms of this new policy, our final dividend for the year of 15 cents per share made a total dividend for the financial year of 25 cents (18 cents). In addition, the Directors declared a special dividend of 15 cents per share (15 cents).

In formalising the Company's dividend policy, the Directors took into consideration the ongoing need to balance our desire to improve shareholder value with the opportunities available to us to invest in growth opportunities for the Group.

Our borrowings have increased as a consequence of the special dividend, and effectively paying three dividends in the year under review as a result of our changed payout dates. However the Company still maintains a strong financial position with borrowings approximating 30 percent of net debt to equity plus net debt.

There were several other events during the year under review that impacted on our financial performance.

The Company was fully Year 2000 compliant well in time for any possible impact of the 31 December changeover.

Healthcare and Finance were updated to be Y2k compliant earlier in the year. Whiteware took the opportunity to totally re-engineer its systems software, with the objective of efficiency gains both now and in the future.

The implementation of such a major change did impact, to some extent, on Whiteware's performance as a good supplier, particularly for our retailers in Australia and New Zealand. May I take this opportunity of thanking them for their tolerance through this process.

Last year I discussed the philosophy and details behind the restructuring of our company.

Discontinued Businesses, including Finance Australia, had revenue of $14.8 million, generating a negative impact on our earnings of $2.7 million, which was an improvement over $7.8 million last year.

Within the strategic goals that we established for our three businesses, the individual business units have continued restructuring as an integral part of their focus on improving their profitability and strategic direction.

Chief Executive Officer's Report

To this end, Healthcare has sold its mobility scooter business and relinquished non core agency lines in Australia and New Zealand. Whiteware has closed Screencraft, its printed circuit board manufacturing facility; and PSC, its programmable state controller operations. The Group has completely exited its telecommunications equipment agency business with the transfer of Lucent to a specialist telecommunications company. The Finance company is winding down Fisher & Paykel Finance Pty Ltd, Australia. The process is proceeding on budget and will not affect our 2000/2001 earnings.

I am pleased to report that all these closedowns are being completed within the amount provided at 31 March 1999.

Fisher & Paykel is now focused on its three businesses, with a small Corporate team guiding the overall Group's performance.

In October 1999 we communicated to the financial markets the strategic goals of the "new" Fisher & Paykel Group. It is appropriate that I base my comments on the performance of the businesses and on their strategic goals.

ENVIRONMENT

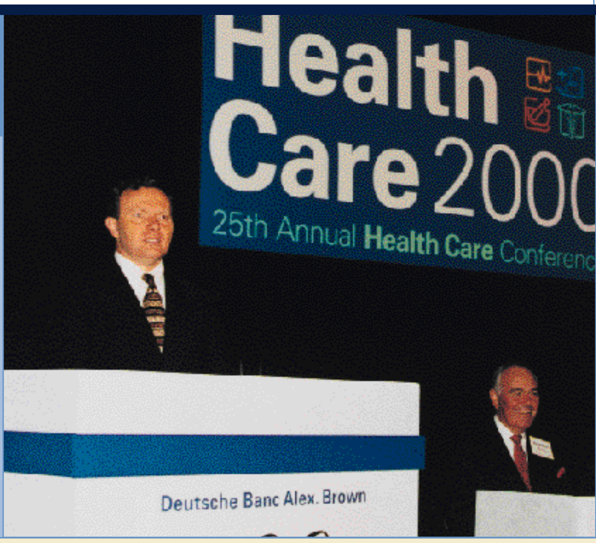
Environmentally, we continue to focus our manufacturing plants, our products and our practices on what we perceive as environmental best practice. We continue to innovate so that our products and our facilities are environmentally friendly. Our new ECO SMART auto washer is perhaps our best current example of how an environmentally friendly product can benefit the nation as a whole. In the United States, utility companies give rebates on products that use less power as this will, over time, delay the need for expensive additional electricity generating capacity.

The ECO SMART replaces our standard U.S. Smart Drive auto washer. The Smart Drive used 925 Kw/hours of energy per year - ECO SMART uses just 298 Kw/hours per year - a saving of over 300 percent.

Our manufacturing facilities are all designed so that no contaminants are released into the atmosphere. In New Zealand, Whiteware are actively involved in recycling, breaking down older products into materials that can be re-used through commercially available recycling channels.

ECO SMART

Healthcare



Healthcare	2000	1999
	$000	$000
Revenue	143,297	118,649
Earnings from Operations	51,329	40,719
Assets Employed	94,738	88,830

Mike Daniell General Manager, Healthcare
Presenting our Healthcare story to International investors.

Healthcare could be described as Fisher & Paykel's best kept secret despite our continuing efforts to lift its profile.

In reality, Healthcare is a highly profitable New Zealand based international business, developed around a worldwide clinical reputation in its key operating areas.

In the healthcare industry, particularly the manufacturing of healthcare devices which is the area our Healthcare team focus on, clinical expertise - the intellectual capital of the business - is the key component in developing, manufacturing, obtaining the approvals and marketing products.

Three of our strategic goals - the growth of clinical humidification; the expansion of humidification into new areas, particularly into Obstructive Sleep Apnea (OSA); and the growth from a small, but growing base of patient warming - are based around our unique clinical expertise.

The fourth strategic goal - the development of our own sales companies - is a natural evolution to allow us to take that clinical expertise directly to market.

All four strategic goals contributed to Healthcare's growth and earnings during the year.

Modest growth was achieved in clinical humidifiers, chambers and circuits.

Our new hospital humidifier, the MR850, was systemically introduced to our worldwide markets during the year. However it was only introduced to the United States, the largest humidifier market, in December 1999.

The MR850 is designed to work as a complete system, with an integrated heated humidifier, a sophisticated disposable chamber and matching disposable breathing circuit.

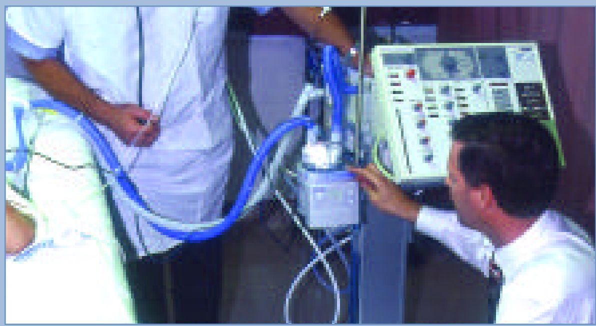
The MR850 humidifier is part of our range of humidifiers that are used as patients move from intensive care situations into more longer stay situations, where they still require humidification.

Substantial growth was achieved in Continuous Positive Airway Pressure (CPAP) humidifiers and flow generators. CPAP humidifiers are an extension of our humidification clinical expertise into the treatment of Obstructive Sleep Apnea (OSA).

OSA is generally recognised as being an under-diagnosed disease, even in the United States, which accounts for more than 50 percent of the world market. Research has shown that only 3 percent of those affected with OSA are aware of the cause of their symptoms - usually extreme fatigue caused by poor sleep quality.

Healthcare

Humidification - our key clinical expertise - used in the treatment of Obstructive Sleep Apnea (left, HC200) and in Hospital Intensive Care units (below, MR850).



Once diagnosed, the treatment is relatively simple, with the patient sleeping at home with breathing assisted by a small air flow generator known as a CPAP machine. Humidification between the CPAP machine and the patient improves the effectiveness of the treatment and greatly improves the patient's comfort.

Fisher & Paykel's HC100 humidifier was our first product in the CPAP market. During the year, we launched our second product - a combined humidifier and flow generator, the HC200. As an aside, I feel that this unique product illustrates the synergy between our Healthcare and Whiteware businesses, as it uses the same Fisher & Paykel developed ECM motor as our unique DishDrawer® dishwasher.

Infant warming also enjoyed substantial growth, albeit off a relatively low base compared with our humidification business.

The development of our warming clinical expertise offers a longer term opportunity for Healthcare but we are very pleased with the initial results we are achieving.

To ensure complete focus on our clinical expertise in product development we have established our own sales companies in Australia, USA, UK (also covering Ireland), France (also covering Belgium and The Netherlands), Germany (also covering Austria). Our own sales companies now account for 65 percent of our output. They provide a total focus on Fisher & Paykel products, enabling them to both grow their sales in their markets and to increase their contribution to Healthcare's profitability. I am pleased that during the year this increase in contribution from the sales companies was one of the major reasons for the increase in Healthcare's profitability.

We continue to work with distributors where our New Zealand based sales teams provide clinical support for our distributors' specialist local knowledge.
Supporting these key strategic goals, Healthcare also improved its performance in several key operational areas.

In Australia and New Zealand we complement our own manufactured products with agency lines. This is a logical extension to our business, as they are sold to the same customers as our own product.

We relinquished some of our agency products that no longer provided an appropriate earnings contribution.

We have continued our commitment to product development and clinical research. In looking at the Healthcare business our cost of production and sales is

Infant Warmer,

HC100 Humidifier for CPAP,

MR850 Clinical Humidification S

actually a relatively small percentage of turnover compared with the investment we make in researching and marketing our clinical benefits.

Our Healthcare products are an ideal example of utilising our intellectual capital to add value to our products.

Healthcare is looking forward to moving into its new purpose-built facility next month. With a relatively simple manufacturing process comprising mainly electronic sub assemblies and plastics, the key to increasing Healthcare's output is providing the necessary floor space and clean air environment for manufacturing. The new $30 million 23,000 square metre facility will double the size of Healthcare's manufacturing area. It will also enable the clinical teams to work more directly with their manufacturing teams.

I am very pleased with Healthcare's contribution to the Group during the year. We are seeing the benefits of Healthcare following a defined strategic path, a path that has seen it enjoy considerable growth over the past five years, a path it will continue to follow to achieve similar growth in the future.

Taking our clinical story to market - Healthcare sales companies Australia (left) and United Kingdom.

Whiteware

Whiteware		
	2000	1999
	$000	$000
Revenue	625,583	530,816
Earnings from Operations	38,608	23,102
Assets Employed	520,480	483,903

John Bongard General Manager, Whiteware Group (right) at KBIS Trade Show, Chicago with Mike Goadby (Fisher & Paykel Applicances Inc, USA).

I am very pleased with the first full year's performance of Whiteware as a stand-alone business. Whiteware's increase in revenue of $94.8 million and its improvement in profit margin, are strong initial signs of the benefit that this focus can bring.

Whiteware has never been more strongly positioned in terms of product platforms and manufacturing capacity. The challenge for the new Whiteware group has been to improve the efficiency of product development, new product introduction and manufacturing, whilst seeking new markets for their products.

In reviewing Whiteware, three of our strategic goals focus on improving efficiency and margin. These are cost innovation, capital expenditure restraint and margin improvement. The fourth goal is the building of new markets.

It is reassuring to see that in Whiteware's progress to date most of our profitability improvement has come from efficiency gains. Whiteware has grown in its home markets of Australia and New Zealand, whilst positioning itself for future growth in the USA, UK and Asia.

It is appropriate that we look in some detail as to how the implementation of strategic goals has contributed to Whiteware's improvement in profitability.

Cost Innovation has been an integral part of our focus, enabling us to meet increased competition whilst at the same time improving our margin. The closure of Screencraft and PSC are indications of the commitment that Whiteware has made to lower the cost base of its business.

Similar decisions have been made in many areas of purchasing, not only in seeking out the most appropriate supplier, but also in aligning our own requirements so that we can purchase higher volumes of one particular raw material rather than smaller volumes of several variations of the same material. Our plastics and steel purchasing are examples of this philosophy at work.

Whiteware has also focused on its second strategic goal of restricting its capital expenditure in line with depreciation.

Whiteware is strongly positioned with its key product platforms - Smart Drive® auto washers, Active Smart® refrigeration and DishDrawer® - complemented by built-in ovens, cooktops, dryers and freezers, and with the manufacturing capacity in place to cover current and foreseeable sales increases.

Under the Cost Innovation initiatives, manufacturing has improved its efficiency considerably. To move to the next step of increasing production to accommodate a sales

Taking Fisher & Paykel to the world. Craig Douglas (NZ Marketing) and Richard Papworth (NZ Sales) in a Quantum kitchen.

Mike Church (left, Australia Sales and Marketing) with Retravision Chief Executive Bob

Fisher & Paykel stand at KBIS, Ch

increase of up to 50 percent will be relatively easy and involve little capital expenditure.

To increase capacity, incremental investment, principally in plastic injection machinery, will increase the output of the manufacturing areas. This journey has already started, with Laundry in Cleveland adding a third plastic injection machine during the year.

A key component of limiting capital expenditure has been the product plan agreed to by sales and marketing, engineering and manufacturing, prioritised by profit and market opportunities.

A significant benefit of the new product plan involves the improved positioning of Fisher & Paykel Production Machinery Ltd (PML). PML is a strategic part of the Whiteware group and is evolving into a substantial business in its own right. We have repositioned PML to capitalise further on its ability to manufacture world class production equipment. As a result, PML now actively seeks external contracts knowing that it can commit to the production and delivery deadlines requested by outside customers.

The third key strategic goal is to improve Whiteware's margin, particularly in Australia and New Zealand, by developing a range of aspirational products in conjunction with our normal innovative range of whiteware. This has seen the introduction of the Quantum sub brand in both New Zealand and Australia.

Quantum products epitomise technology and design. We utilise our ability to simply modify our electronics or styling to create a range of unique products at minimal extra manufacturing cost. We have been particularly proud of the success of the Quantum Inox stainless steel refrigerator, which is achieving up to $300 premium in retail price.

The fourth strategic goal of Whiteware is to build new markets. To build new markets internationally we must have a strong home base. We define Australia and New Zealand as our home market, and we are delighted with the progress we continue to make in both these key areas.

Our ongoing strength in the New Zealand market is one of Whiteware's success stories. New Zealand is perhaps one of the most free, least protected, markets in the world. Tariffs are very low and there are no regulatory standards that imports have to comply with. Despite increased competition, we increased our New Zealand sales from 235,000 to 250,000 units.

Whiteware

Quantum: Matching Astro oven and single DishDrawer.

New Zealand, in particular, has embraced the Quantum strategy with many key retailers displaying and promoting Quantum as a separate entity from their traditional Fisher & Paykel business.

We continue to work closely with our exclusive dealers in New Zealand. We believe this arrangement remains the best way to demonstrate, deliver, install and service home appliances in a country with a relatively small population. Our performance in the New Zealand market last year indicates that this arrangement is continuing to benefit New Zealanders.

In Australia, we have spent the year moving to the next plateau of growth. In the early months of the financial year we were faced with a difficult situation that was inhibiting our ability to be a good supplier. We outgrew our warehousing, particularly in our key eastern states of Queensland, New South Wales and Victoria and we had the remnants of product supply problems, particularly the Active Smart refrigeration problem of the 1998/99 refrigerator season.

Subsequently, we have moved into new warehouses in Queensland, New South Wales and Victoria, complementing the purpose-built facilities we already had in South Australia and Western Australia.

We have a revitalised team in place at State level and we have our strongest product line up, including Quantum, to satisfy the needs of our Australian customers. The implementation of this activity has involved enormous work by our Australian team. They are starting to see the rewards for their efforts as retail support has swung back behind the Fisher & Paykel brand.

Our customers have also echoed that support with Australian sales moving from 415,000 to 450,000 units. Our market shares have increased, particularly in refrigeration and auto washers, but we are pleased with the levels we are achieving across all product categories.

Internationally, the development of the product plan that I mentioned earlier has provided focus for our offshore sales and marketing teams. Refrigerators are our priority in Asia and the Pacific Islands; Smart Drive auto washers and DishDrawer dishwashers in the United States.

In Asia, we focused on building our distribution based around the success of our Singapore operation. Since establishing our own sales company in Singapore, Fisher & Paykel has significantly increased its market share, particularly in top end refrigeration, and has become the dominant player in this category.

Our business in the Pacific Islands has continued to be strong. Our Asian and Pacific Islands business grew from 51,000 to 55,000 units

Since the introduction of the Fisher & Paykel brand into the United States two years ago, we have said that it would take time to develop the distribution, retail support and brand awareness of Fisher & Paykel in that market.

We are pleased with the progress we are making. At the start of the last financial year we indicated that our target would be 20,000 DishDrawer dishwashers and 12,000 Smart Drive auto washers. We did not achieve that target, selling 16,000 DishDrawers and nearly 11,000 Smart Drives.

Paul Kleinsman (South East Asia Sales) at the opening of our Singapore facility.

International Fisher & Paykel retailers at Conference 2000, Queenstown.

Refresh: New Smart Drive Autowa

We continue to build our retail base in the United States, with 1,000 outlets now stocking the Fisher & Paykel brand. We continue to build the brand, not with expensive national advertising, but with targeted direct mail and retail promotional activity, together with participation at key trade shows, and we continue to build the infrastructure in terms of service and logistics support.

Fisher & Paykel attendees at the recent Kitchen and Bath Industry Show (KBIS) in Chicago noticed a huge change since our participation at the same show two years ago. People were now aware of Fisher & Paykel and were moving on to ask specific questions about installation and product availability. To those of us who went through a similar growth phase in Australia, the similarities between the U.S. today and Australia ten years ago, are very apparent.

The United Kingdom market provided another opportunity during the year. We have had considerable interest in several of our products and we investigated the growth opportunities that market could provide.

A key condition of our entry to the United Kingdom was that we would use existing product, thus not deviating from the product plan. Initial product has been sent to the United Kingdom.

Operationally, Whiteware has continued to develop its focus with its new functional management matrix. This has been a key element in focusing every member of the management team on strategic goals, priorities and profit opportunities. The results are starting to become apparent and we are confident of strong future growth for our Whiteware group.

Finance New Zealand

Finance New Zealand		
	2000	1999
	$000	$000
Revenue	50,570	48,554
Net Earnings	6,772	7,007
Assets Employed	250,761	217,954

Alastair Macfarlane General Manager, Finance NZ (right) with commercial dealers in Finance's new purpose built facility.

Finance New Zealand implemented changes during the year to focus on developing its business whilst continuing to support the Group's strategic goals.

Finance is an important strategic business within our Group. It continues to produce sustainable financial returns while providing financial packages to enable more of the Group's products to be sold in New Zealand.

To achieve its profitability, Finance is building its business activity to the levels necessary to provide critical mass within the New Zealand finance market.

During the year, Finance was reorganised to focus on obtaining greater value from its existing business and to further develop its new business activities. In New Zealand, this reorganisation saw growth in lending to both the consumer and commercial sector.

In the consumer credit sector, Finance primarily finances home appliances, television and audio products, furniture and personal computers sold through appliance retailers. Consumer receivables grew by 15 percent.

Finance offers its retailers innovative point of sale software systems that allow prompt and efficient financial transactions.

In the commercial sector, Finance primarily focuses on office and telecommunications equipment for the business market. This includes a range of products from telephone systems and computers, to EFTPOS terminals and Copiers.

As a result of Finance's focus, the Book grew from $211 million to $235 million.

Consumer Protection Insurance is an important, growing business for Finance, providing the opportunity to spread their business activities while adding value for our customers.

Operationally, Finance moved into its new purpose-built building at our Waiouru Road site. The building incorporates Fisher & Paykel's open plan office layout and the telecommunications technology to further contribute to improvements in efficiency.

In funding its operations, Finance continues to work with its loyal Retail Debenture Investors, many of whom are Fisher & Paykel shareholders.

Finance is now a New Zealand focused business, capable of sustaining the strong returns it makes on the funds we have invested, while continuing to support the sale of the Group's products.

Corporate

New Healthcare facility nearing completion (June 2000) with Finance NZ behind on our new Waiouru Road, East Tamaki site.

The role of Corporate in the "new" Fisher & Paykel is to guide the operating businesses. The operating businesses are responsible for their own performance, but they must do so within guidelines established by the Board and implemented by the Corporate team.

Corporate's primary responsibilities are our people; our money; our shareholders; and our governance.

We are strongly positioned, with our product platforms in place and with our capital expenditure matching depreciation.

There are further opportunities to improve our capital management, particularly our working capital. We can work towards improving new product introductions and on improving our logistics, both of which will reduce our inventory levels. This will be one of the key focuses as we move into the new financial year.

A company such as ours, with our increasing internationalism, must operate within the regulations and political situation of its various markets. In New Zealand, a change of government during the year has provided an opportunity for us to put our perspective on the relationship between business and government priorities before a new Government.

In last year's Annual Report I mentioned that we had circulated a discussion paper "A Question of Attitude" to the Government of the day which compared the unfavourable environment within which we operate in New Zealand, with that of Australia.

We have taken the opportunity to complement that paper with a further paper to the new Government - "A Question of Balance" - which discusses how the needs of Government and the increasing internationalism of our Company can be balanced for the benefit of all our stakeholders.

Future Outlook

The financial performance in the year under review, together with the commitment to maintain new product platforms in Healthcare and Whiteware, and the necessary manufacturing capacity, positions us well for the future.

Our operating businesses will continue to work towards their strategic goals.

Healthcare's strategic goal is to double its turnover over the next five years whilst maintaining a similar profit margin to its current levels.

Its operational growth will come from the strategies that I have outlined and from introducing associated products utilising the clinical expertise that we already have. There are, for example, moves in the medical world for the technology developed for CPAP devices to be used in other areas of Healthcare such as non-invasive ventilation. As that progresses so, too, will opportunities for humidification follow.

Whiteware's strategic goal of achieving 10 percent margin on sales in the next two to three years may be more difficult to achieve within the time frame, primarily due to the increasing competitive nature of the worldwide market.

We believe that we have the products to provide opportunities to maintain significant market shares in our home markets, and to gain significant volumes in the larger markets that we are targeting.

The real opportunity to improve Whiteware's financial performance is to improve their return on investment by achieving more turnover from their existing assets, while gradually improving margins. They have shown this financial year how they can improve their efficiency, their opportunity is now to take their products to the world.

The Finance company will increase its contribution to the Group by leveraging off the strength of our brand as it increasingly markets its financial products under the Fisher & Paykel name.

Emerging e-Business models using internet technologies will provide one of the significant opportunities for our growth in the future. We see e-Business as being a logical step to improving our operational efficiencies initially but providing breakthrough opportunities to drive revenue growth in the longer term.

Operationally, reducing the supply chain management with our suppliers and dealers will improve the efficiency of all commercial and manufacturing processes.

The three businesses are positioning to utilise e-Business. Initially Fisher & Paykel is focusing on e-Sales, e-Procurement, e-Service, and auctioning (Asset Disposal).

We have established an internal development team to implement the processes and solutions necessary to take advantage of these opportunities. E-Business solutions will be focused primarily on Business to Business (B2B) opportunities.

We will also use e-Business to extend our Customer Care philosophy through to a full Customer Relationship Marketing programme. This will capture and manage installation and product usage details of the end customer.

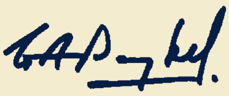
It is essential that for a major product purchase like a refrigerator; or a specialist product, like a CPAP humidifier; we retain the retail contact.

Finally, may I take this opportunity of thanking all the people who have supported us during this year of considerable change - our own people, our suppliers of goods and services, our retailers and the many international companies that we do business with - I thank you for your support and look forward to working with you as we continue to develop the "new" Fisher & Paykel.

We have strategic goals in place. We have teams who have shown they are capable of delivering those goals.

We will continue to focus on improving long term shareholder value. Following an extensive review by the Board, it was thought appropriate to seek external advice on this matter. In March 2000 we commissioned Deutsche Bank to undertake a review of current Group Strategy and Structure. Deutsche Bank, drawing upon their worldwide expertise, will provide an independent, wide-ranging review of the issues involved. The results of this review are expected to be presented to the Board in the fourth quarter of the calendar year.

This year's result has shown the path that we intend to pursue. I am sure that as we take advantage of the opportunities before us, our financial performance will continue to improve towards achieving our short term goal of achieving 15 percent on shareholders equity.



Gary Paykel
Chief Executive Officer
8 June 2000

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Directors

M (Maurice) Paykel CBE, Hon LLD (Auck)
Age 86, Founder President

Sir Colin Maiden ME (NZ), DPhil (Oxf.)
Age 66, Chairman

J W (John) Gilks FCA
Age 58, Deputy Chairman

G A (Gary) Paykel
Age 58, Chief Executive Officer and Managing Director

N M T (Norman) Geary CBE, B.COM, FCA, FNZIM, FCIT
Age 61, Director

W L (Lindsay) Gillanders LLB (Hons)
Age 50, Executive Director and Company Secretary

D B (David) Henry B.COM, CA, CMA
Age 48, Finance Director

D D (Don) Rowlands CBE
Age 74, Director

J J A (Julian) Williams BE
Age 63, Technical Director

Report from the Directors Fisher & Paykel Industries Limited

Your Directors are pleased to submit to shareholders their Report and Financial Statements for the year ended 31 March 2000.

PRINCIPAL ACTIVITIES

Fisher & Paykel is a New Zealand based international company utilising innovation to develop a unique range of products for its customers around the world.

Its three businesses are:

- Healthcare - manufacturing and marketing a range of electronic healthcare devices based on a world-wide clinical reputation in its key product areas
- Whiteware (Major Appliances) - manufacturing and marketing a full line-up of whiteware products based on in-house expertise in electronics
- Finance New Zealand - a finance company to support the sale of the Group's products.

GROUP PROFIT

Group Profit after taxation was a record at $54.4 million for the year ended 31 March 2000. This compares with last year's result of $35.1 million before abnormal items (after abnormal items the result last year was $18.5 million).

Earnings per share excluding abnormal items was 46 cents (30 cents).

SHAREHOLDERS' EQUITY

Shareholders' Equity at 31 March 2000 totalled $385.9 million ($372.7 million).

SHARE ISSUES

During the year 561,900 shares were issued under an approved Employee Share Purchase Scheme in accordance with the company's Constitution.

DIVIDEND

Your Directors have reviewed the company's dividend policy:

- The company will maintain a dividend payout of close to 60 percent of Group Profit, subject to forward capital expenditure and working capital requirements.
- In addition, special dividends may be declared when appropriate.
- Dividends will be paid in the period to which they relate with the dividend payout dates being September and March.

In accordance with this policy, a final dividend for the year ended 31 March 2000 of 15 cents per share, making a total of 25 cents [18 cents] was paid, together with a special dividend of 15 cents per share. All dividends carried full imputation credits.

DIRECTORS

In accordance with the Constitution, Messrs Henry and Gillanders, and Sir Colin Maiden retire, and being eligible, offer themselves for re-election.

DISCLOSURE OF INTERESTS BY DIRECTORS

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

REMUNERATION OF DIRECTORS

Non-executive Directors received the following directors fees from Fisher & Paykel Industries Limited in the year ended 31 March 2000:

	$
N M T Geary	25,000
J W Gilks	37,500
C J Maiden	50,000
M Paykel	25,000
D D Rowlands	25,000

Messrs M J Braham, K J Kirby and K D Tunnicliffe received AUD5,000 each as local resident directors of Fisher & Paykel Australia Holdings Limited.

Executive Directors do not receive remuneration as Directors of Fisher & Paykel Industries Limited or any subsidiary company.

Executive Directors acting in their capacity as employees of Fisher & Paykel Limited received total remuneration, inclusive of the value of other benefits in the year ended 31 March 2000:

	$
W L Gillanders	392,036
D B Henry	405,946
G A Paykel	640,768
J J A Williams	442,540

No employee of Fisher & Paykel Industries Limited or its subsidiaries receives or retains any remuneration or other benefits as a Director. Remuneration inclusive of the value of other benefits received by such employees are included in the relevant bandings of disclosure of Employee Remuneration received exceeding $100,000.

OUTLOOK

The Company will continue to focus on further enhancing the improved financial performance of its three businesses - Whiteware, Healthcare and Finance New Zealand.

Capital expenditure for 2000/2001 is budgeted as follows:

	$ million
Whiteware	36.0
Healthcare	7.0
	43.0
Completion of new Healthcare production facility	7.0
	$50.0

Healthcare's international revenue and earnings are expected to continue to grow at levels similar to the last three years.

Finance New Zealand is expected to contribute strongly.

Whiteware's international revenue will continue to grow, particularly in Australia and the U.S.A. Whiteware, with its major product platforms in place, will be concentrating on:

- Cost innovation
- Improved utilisation of existing assets
- Margin improvement opportunities, e.g. Quantum

Whiteware's markets worldwide are subject to strong competition which could impact on our earnings growth.

The Directors anticipate an improvement in Group operating profit after taxation for the year ending 31 March 2001.

Sir Colin Maiden
CHAIRMAN

8 June 2000

G A Paykel
CHIEF EXECUTIVE OFFICER
AND MANAGING DIRECTOR

Corporate Governance Fisher & Paykel Industries Limited

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

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

THE BOARD

The Board is elected by the shareholders of the Company. At each annual meeting, at least one third of the Directors (excluding the Chief Executive Officer) retire by rotation. The Directors to retire are those who wish to retire, or those who have been longest in office since last being elected. Details of the Directors are set out on page 17.

With the exception of January, Board meetings are held monthly. The Board met eleven times during the 1999/2000 financial year.

The Board establishes the Company's objectives, major strategies for achieving these objectives, the overall policy framework within which the business of the Company is conducted, and monitors management's performance with respect to these matters. This includes the Board's approval and monitoring performance against budgets. The Board has delegated the day-to-day management of the Company to the Chief Executive Officer (Managing Director).

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

The Board has two formally constituted committees - the Audit Committee and the Remuneration Committee. Specific additional committees are established on the basis of need.

AUDIT COMMITTEE

The Audit Committee comprises three non-executive Directors - John Gilks, Chairman, Norman Geary and Maurice Paykel.

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

REMUNERATION COMMITTEE

The Remuneration Committee comprises three non-executive Directors - Sir Colin Maiden, John Gilks, Norman Geary and Chief Executive Officer, Gary Paykel. The Committee reviews and recommends to the Board, after taking independent advice, the remuneration arrangements for the Chief Executive Officer and Executive.

SHARE TRADING

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

HEALTH & SAFETY

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

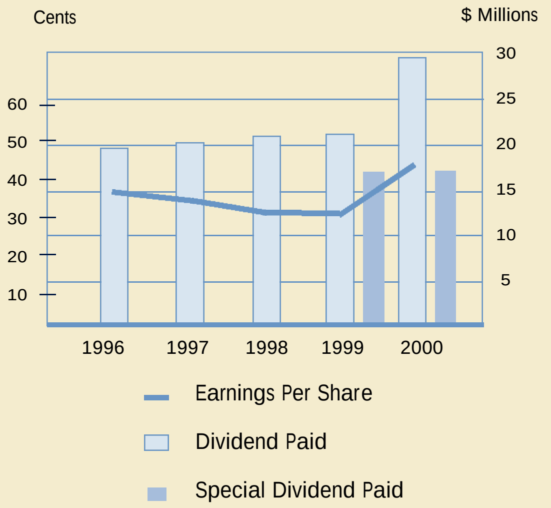
Financial Summary Fisher & Paykel Industries Limited

SUMMARY

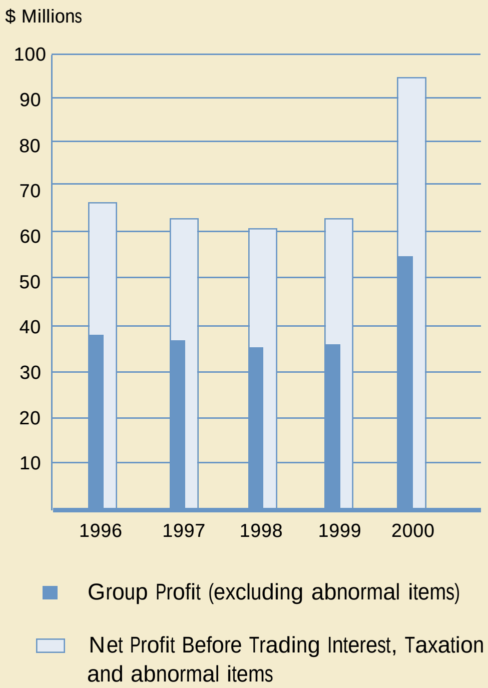
	2000	1999
	$(Mills)	$(Mills)
Net Profit of Continuing Businesses before Trading Interest & Taxation	96.7	69.2
Group Profit before abnormal items	54.4	35.1
Group Profit inclusive of abnormal items	54.4	18.5
Shareholders' Equity	385.9	372.7
Earnings per Share excluding abnormal items	46c	30c
Dividend per Share	40c *	33c*

* 2000 and 1999 both include a special dividend of 15 cents

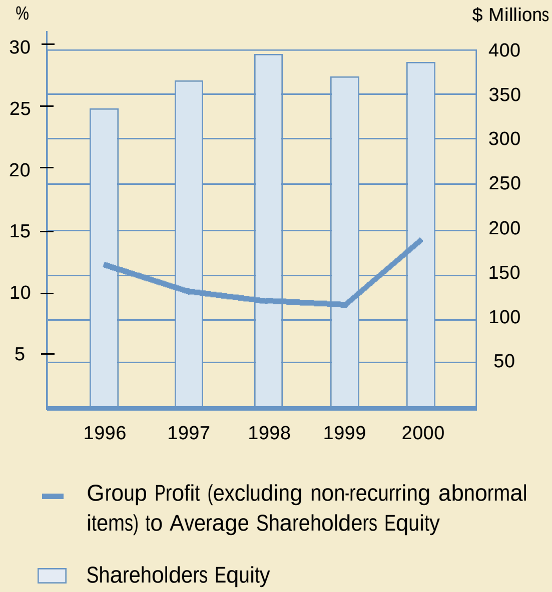
DIVIDENDS AND EARNINGS



GROUP PROFIT



SHAREHOLDERS EQUITY



Auditor's Report Fisher & Paykel Industries Limited

PricewaterhouseCoopers
23-29 Albert Street
Private bag 92162
Auckland, New Zealand

DX CP24073
Telephone: +64 9 355 8000
Facsimile: +64 9 355 8001

To the Shareholders of Fisher & Paykel Industries Limited

We have audited the financial statements on pages 23 to 47. The financial statements provide information about the past financial performance and cash flows of the Company and Group for the year ended 31 March 2000 and their financial position as at that date. This information is stated in accordance with the accounting policies set out on pages 28 to 30.

DIRECTORS' RESPONSIBILITIES

The Company's Directors are responsible for the preparation and presentation of the financial statements which give a true and fair view of the financial position of the Company and Group as at 31 March 2000 and their financial performance and cash flows for the year ended on that date.

AUDITORS' RESPONSIBILITIES

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

BASIS OF OPINION

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

a the significant estimates and judgements made by the Directors in the preparation of the financial statements; and

b whether the accounting policies are appropriate to the circumstances of the Company and Group, consistently applied and adequately disclosed.

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

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

UNQUALIFIED OPINION

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

In our opinion:

a proper accounting records have been kept by the Company as far as appears from our examination of those records; and

b the financial statements on pages 23 to 47:

(i) comply with generally accepted accounting practice in New Zealand; and

(ii) give a true and fair view of the financial position of the Company and Group as at 31 March 2000 and their financial performance and cash flows for the year ended on that date.

Our audit was completed on 8 June 2000 and our unqualified opinion is expressed as at that date.

PricewaterhouseCoopers

Chartered Accountants, Auckland, New Zealand

Statements of Financial Performance Fisher & Paykel Industries Limited

For year ended 31 March 2000	NOTES	CONSOLIDATED		PARENT	
		2000 $000	1999 $000	2000 $000	1999 $000
Revenue	1				
Continuing Operations		819,450	698,019	58,064	41,211
Discontinuing Operations		14,818	75,362		
REVENUE		834,268	773,381	58,064	41,211
Earnings from Trading					
Continuing Operations		89,937	63,821	57,753	42,596
Discontinuing Operations		(1,062)	(6,163)		
EARNINGS FROM TRADING		88,875	57,658	57,753	42,596
Less Abnormal Items	2	---	30,895		
		88,875	26,763	57,753	42,596
Less Trading Interest		10,416	10,341		
		78,459	16,422	57,753	42,596
Finance Net Earnings					
New Zealand		6,772	7,007		
Australia Discontinuing Operations		(1661)	(1,659)		
Net Operating Profit	3	83,570	21,770	57,753	42,596
Less Taxation	4	29,205	3,270	3,573	6,630
GROUP PROFIT		54,365	18,500	54,180	35,966
Group Profit is comprised of					
Continuing Operations		56,174	14,293		
Discontinuing Operations		(1,809)	4,207		
		54,365	18,500		
GROUP PROFIT EXCLUDING ABNORMALS		54,365	35,091		

Statements of Movements in Equity Fisher & Paykel Industries Limited

SHAREHOLDERS' EQUITY AS AT 31 MARCH 1999		372,729	394,063	372,729	394,063
Group Profit		54,365	18,500	54,180	35,966
Movement in Revaluation Reserve	6			2,799	(18,528)
Movement in Currency Translation Reserve	6	2,614	(1,062)		
		56,979	17,438	56,979	17,438
Issue of Share Capital	5	3,414	---	3,414	---
Dividends paid and provided during the Period	7	(47,189)	(38,772)	(47,189)	(38,772)
SHAREHOLDERS' EQUITY AS AT 31 MARCH 2000		385,933	372,729	385,933	372,729

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

Statements of Financial Position Fisher & Paykel Industries Limited

For year ended 31 March 2000	TRADING GROUP		FINANCE GROUP	
	2000 $000	1999 $000	2000 $000	1999 $000
SHAREHOLDERS' EQUITY				
Share Capital	198,295	194,881		
Reserves	18,379	15,765		
Retained Earnings	169,259	162,083		
Investment in Finance Group			33,449	33,919
TOTAL SHAREHOLDERS' EQUITY	385,933	372,729		
This is represented by:				
ASSETS				
Fixed Assets	346,982	338,995	11,218	2,716
Investments	14,161	12,804		
Goodwill on Consolidation	3,340	3,725		
Investment in Finance Group	33,449	33,919		
Finance Receivables			243,416	216,311
Rental Equipment			36,031	30,696
Securities			525	537
Future Taxation Benefit	990	1,940	1,674	2,112
Current Assets	262,911	240,795	4,869	3,655
Total Assets	661,833	632,178	297,733	256,027
LESS LIABILITIES				
Term Borrowings	142,300	131,626		
Finance Borrowings			256,692	216,159
Provisions	24,362	19,948		
Deferred Taxation			273	258
Current Liabilities	109,238	107,875	7,319	5,691
Total Liabilities	275,900	259,449	264,284	222,108
NET ASSETS	385,933	372,729	33,449	33,919

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

	NOTES	CONSOLIDATED		PARENT	
		2000 $000	1999 $000	2000 $000	1999 $000
SHAREHOLDERS' EQUITY					
Share Capital	5	198,295	194,881	198,295	194,881
Reserves	6	18,379	15,765	61,234	58,435
Retained Earnings	7	169,259	162,083	126,404	119,413
TOTAL SHAREHOLDERS' EQUITY		385,933	372,729	385,933	372729
This is represented by:					
ASSETS					
Fixed Assets	8	358,200	341,711		
Investments	9	14,161	12,804	207,459	203,331
Goodwill on Consolidation		3,340	3,725		
Finance Receivables	10	243,416	216,311		
Rental Equipment	11	36,031	30,696		
Securities		525	537		
Future Taxation Benefit	12	2,664	4,052		
Current Assets	13	267,780	244,450	178,518	180,252
Total Assets		926,117	854,286	385,977	383,583
LESS LIABILITIES					
Term Borrowings	14	142,300	131,626		
Finance Borrowings	15	256,692	216,159		
Provisions	16	24,362	19,948		
Deferred Taxation	17	273	258		
Current Liabilities	18	116,557	113,566	44	10,854
Total Liabilities		540,184	481,557	44	10,854
NET ASSETS		385,933	372,729	385,933	372,729

On behalf of the Board
Date: 8 June 2000

Sir Colin Maiden
CHAIRMAN

G.A. Paykel
CHIEF EXECUTIVE OFFICER

Statements of Cashflows Fisher & Paykel Industries Limited

For year ended 31 March 2000	TRADING GROUP		FINANCE GROUP	
	2000 $000	1999 $000	2000 $000	1999 $000
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers	749,574	725,451	363	266
Rental and financing receipts			56,482	52,502
Dividends received	4,500	5,134	107	---
Interest received	715	808		
Payments to suppliers and employees	(649,337)	(652,963)	(14,907)	(14,902)
Taxation paid	(13,637)	(8,217)	(1,650)	(2,714)
Interest paid	(10,175)	(10,412)	(12,587)	(14,667)
Net Cash Flow from Operations	81,640	59,801	27,808	20,485
CASH FLOWS FROM INVESTING ACTIVITIES				
Sale of fixed assets	13,244	7,609	82	40
Principal on loans repaid by customers			302,166	275,435
Proceeds for disposal of operations	---	33,098		
Purchase of fixed assets	(62,259)	(59,152)	(9,893)	(1,630)
Acquisition of subsidiary	---	(4,864)		
New loans to customers			(332,719)	(294,815)
Purchase of rental equipment			(25,544)	(29,212)
Sale of rental equipment			3,363	2,412
Net Cash Flow from Investing Activities	(49,015)	(23,309)	(62,545)	(47,770)
CASH FLOWS FROM FINANCING ACTIVITIES				
Employee share purchase schemes	2,356	3,517		
New term borrowings	30,603	14,300		
New debentures and borrowings			64,213	63,968
Repayment of term borrowings	(26,886)	(2,276)		
Repayment of debentures and borrowings			(16,946)	(37,630)
Dividends paid	(57,768)	(38,772)	(4,500)	(5,000)
Supplementary dividends paid to overseas shareholders	(3,801)	(2,895)		
Net Cash Flow from Financing Activities	(55,496)	(26,126)	42,767	21,338
Net increase in cash	(22,871)	10,366	8,030	(5,947)
Opening cash	7,996	(1,868)	(9,232)	(3,275)
Effect of exchange rates	134	(502)	(1)	(10)
Closing cash	(14,741)	7,996	(1,203)	(9,232)
RECONCILIATION OF CLOSING CASH				
Bank	5,286	13,843		
Bank overdraft	(4,800)	(1,376)	(1,203)	(1,232)
Call borrowings	(15,227)	(4,471)	---	(8,000)
	(14,741)	7,996	(1,203)	(9,232)

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

	NOTES	CONSOLIDATED 2000 $000	CONSOLIDATED 1999 $000	PARENT 2000 $000	PARENT 1999 $000
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts from customers		749,937	725,717		
Rental and financing receipts		56,482	52,502		
Dividends received		107	134	46,841	26,301
Interest received		715	808	10,888	14,615
Payments to suppliers and employees		(664,244)	(667,865)	(312)	(260)
Taxation paid		(15,287)	(10,931)	(1,585)	(1,733)
Interest paid		(22,762)	(25,079)		
Net Cash Flow from Operations	19	104,948	75,286	55,832	38,923
CASH FLOWS FROM INVESTING ACTIVITIES					
Sale of fixed assets		6,451	7,649		
Principal on loans repaid by customers		302,166	275,435		
Proceeds for disposal of operations	19	---	33,098		
Purchase of fixed assets		(65,277)	(60,782)		
Acquisition of subsidiary	19	---	(4,864)		
New loans to customers		(332,719)	(294,815)		
Purchase of rental equipment		(25,544)	(29,212)		
Sale of rental equipment		3,363	2,412		
Investments in other subsidiaries				---	(4,900)
Net Cash Flow from Investing Activities		(111,560)	(71,079)	---	(4,900)
CASH FLOWS FROM FINANCING ACTIVITIES					
Employee share purchase schemes		2,356	3,517	2,356	3,517
New term borrowings		30,603	14,300		
New debentures and borrowings		64,213	63,968		
Repayment of term borrowings		(26,886)	(2,276)		
Repayment of debentures and borrowings		(16,946)	(37,630)		
Intercompany borrowings				3,325	4,130
Dividends paid		(57,768)	(38,772)	(57,768)	(38,772)
Supplementary dividends paid to overseas shareholders		(3,801)	(2,895)	(3,801)	(2,895)
Net Cash Flow from Financing Activities		(8,229)	212	(55,888)	(34,020)
Net increase in cash		(14,841)	4,419	(56)	3
Opening cash		(1,236)	(5,143)	74	71
Effect of exchange rates		133	(512)		
Closing cash		(15,944)	(1,236)	18	74
RECONCILIATION OF CLOSING CASH					
Bank		5,286	13,843	18	71
Bank overdraft		(6,003)	(2,608)		
Call borrowings		(15,227)	(12,471)		
		(15,944)	(1,236)	18	71

Statements of Accounting Policies Fisher & Paykel Industries Limited

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

1. GENERAL ACCOUNTING POLICIES

The financial statements are based on the general principles of historical cost accounting, with the exception of properties which are included at the gross carrying value at 31 March 1992 and investments which are at net tangible asset value. Reliance is placed on the Group continuing as a going concern. Accrual accounting is used to match expenses and revenues.

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

2. CONSOLIDATION

The Company and subsidiary companies' accounts are consolidated using the purchase method. All material inter-Group transactions are eliminated.

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

To recognise the separate funding arrangements involved in the Trading Group and Finance Group operations, separate Statements of Financial Positions and Statement of Cash Flows are disclosed for each Group in addition to the Consolidated financial statements.

Subsidiary Companies prepare accounts as at 31 March.

Fisher & Paykel is a New Zealand based international company which has three principal areas of business:

- Whiteware manufacturer and marketer
- Healthcare products manufacturer and marketer
- Finance New Zealand operations to support these businesses

3. GOODWILL

The excess of cost over the fair value of assets of subsidiaries is capitalised as goodwill and is amortised to the Consolidated Statement of Financial Performance on a straight line basis over the period of expected benefit of ten years from the investment.

4. INVENTORIES

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

5. FIXED ASSETS

Fixed assets are recorded at cost with the exception of land and buildings acquired prior to 1 April 1989 which are valued at 100 percent of independent professional valuations obtained at 31 March 1992. The valuer, Darroch & Co Ltd, who are Associates of the New Zealand Institute of Valuers advise the basis of the valuations as at 31 March 1992 were open market values for existing use, with a willing but not anxious buyer and a willing but not anxious seller.

Land and Buildings are included in the accounts at the gross carrying amount as detailed above in accordance with the transitional provisions of the Institute of Chartered Accountants of New Zealand Statement of Standard Accounting Practice No. 28.

6. DEPRECIATION

Fixed Assets, other than Freehold Land and Capital Work in Progress, have been depreciated on a straightline basis writing off the original cost or valuations of the assets over their estimated useful lives as follows :

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

7. INVESTMENTS

Subsidiary companies are valued at net tangible asset value. Other investments are valued at lower of cost or net realisable value.

8. LEASES

Operating lease payments are expensed in the periods in which they are incurred.

9. RESEARCH AND DEVELOPMENT

Research and development expenditure is expensed as it is incurred except that development costs are capitalised to the extent that future benefits are expected beyond any reasonable doubt to exceed these costs for a separately identifiable new product or process. Development costs of Product Innovation as a process at Fisher & Paykel are, in the main, indistinguishable as to whether the benefits will be applied to current or future products. An estimate of research and development expenditure has been disclosed in the accounts as this is not a separate activity within Fisher & Paykel. Where development costs are capitalised, they are amortised over future periods on a basis related to the expected future benefit.

10. FINANCE RECEIVABLES AND TRADE DEBTORS

Finance receivables are shown net of provisions for doubtful debts, unearned income and financing losses which may become evident in future accounting periods. All known losses are written off in the period in which they become evident.

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

In addition, a general provision is maintained for doubtful debts which may become evident in future accounting periods. The level of the general provision is determined having regard to the level of asset growth, economic conditions and other general risk factors.

11. RECOGNITION OF FINANCE GROUP INCOME

Income from rental is recognised on a monthly basis over the term of the rental. Income on hire purchase and lease contracts is recognised on an actuarial basis calculated on net investment outstanding.

12. RENTAL EQUIPMENT

Rental equipment is recorded at cost and is either depreciated over 3 to 5 years on a straight line basis or actuarial basis over the minimum rental period.

13. PROVISION FOR WARRANTY

Provision for warranty covers the income not taken to account for the unexpired warranty period for products still under warranty, based on current costs.

14. DEBENTURE ISSUE EXPENSES

Issuing costs are expensed as incurred.

15. PROVISION FOR TAXATION

All permissible income taxation deductions are included in the calculation of taxation.

The liability method of accounting for the taxation effect of all timing differences is used. Deferred tax is accounted for using the comprehensive basis on all timing differences. Any future taxation benefit is recognised only to the extent that there is virtual certainty of recovery in subsequent periods.

16. FOREIGN CURRENCIES

Transactions in foreign currencies are converted at the New Zealand rate of exchange ruling at the date of the transaction unless such transactions are covered by forward exchange contracts. Short-term transactions covered by forward exchange contracts are measured and reported at the forward rates specified in those contracts.

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

The financial statements of independent foreign subsidiaries are translated into New Zealand dollars at the following exchange rates:

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

The exchange rate difference from translating the opening net investment at a rate different from that which was previously reported is reflected in the foreign currency translation reserve.

17. STATEMENT OF CASH FLOWS

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

a Cash comprises cash on hand, bank balances and call borrowings.

b Investing activities are those activities relating to the acquisition, holding and disposal of fixed assets, investments and finance receivables.

c Financing activities are those activities which result in changes in the size and composition of the capital structure of the Group. This includes both equity and debt not falling within the definition of cash. Dividends paid are included in financing activities.

d Operating activities include all transactions and other events that are not investing or financing activities.

18. FINANCIAL INSTRUMENTS

The Group has various financial instruments for the primary purpose of reducing its exposure to fluctuations in foreign currency exchange rates and interest rates. These financial instruments are subject to risk that market rates may change subsequent to acquisition. For interest rate instruments, the differential to be paid or received is accrued as interest rates change and is recognised as a component of interest expense over the life of the instrument.

19. CHANGES IN ACCOUNTING POLICIES

There have been no material changes in accounting policies during the year. Where applicable, comparative figures have been restated to provide more meaningful information.

	CONSOLIDATED 2000 $000	CONSOLIDATED 1999 $000	PARENT 2000 $000	PARENT 1999 $000
1. REVENUE				
Continuing Businesses				
New Zealand	216,514	192,595		
Overseas	551,387	455,541		
TOTAL CONTINUING BUSINESSES	767,901	648,136		
Discontinuing Businesses				
New Zealand	4,048	65,211		
Overseas	3,290	4,651		
TOTAL DISCONTINUING BUSINESSES	7,338	69,862		
TRADING REVENUE	775,239	717,998		
Finance				
New Zealand	50,463	48,554		
Australia discontinuing	7,480	5,500		
Dividend	107	185	46,912	26,301
Interest	979	1,144	11,152	14,910
TOTAL REVENUE	834,268	773,381	58,064	41,211
2. ABNORMAL ITEMS				
Continuing Operations				
Loss on Sale of Land and Buildings	---	(4,201)		
Writedown of Fixed Assets to recoverable values	---	(2,770)		
Restructuring Costs incurred	---	(22,016)		
Provision for Restructuring and Closure Costs	---	(5,781)		
	---	(34,768)		
Discontinuing Operations				
Cellnet Divestment	---	12,893		
Panasonic Divestment	---	(156)		
Writedown of Fixed Assets to recoverable values	---	(5,435)		
Provision for Closure Costs	---	(3,429)		
	---	3,873		

Taxation Credits on 1999 Abnormal items for the Continuing operations were $9.841 million and for Discontinuing operations were $4.463 million.

	CONSOLIDATED		PARENT	
	2000 $000	1999 $000	2000 $000	1999 $000
3. NET OPERATING PROFIT	83,570	21,770	57,753	42,596
After charging :				
Remuneration of Auditors				
Audit Fees	505	469		
Other Services	156	58		
Donations	59	87		
Depreciation				
Trading	44,830	37,377		
Finance Group	18,139	15,108		
Goodwill	385	128		
Interest				
Term Borrowings	3,505	3,630		
Other	6,911	6,711		
Finance Group	13,852	14,686		
Research and Development	13,138	12,079		
Rental and Operating Leases	11,990	11,386		
Bad Debts Written Off				
Trading	262	585		
Finance Group	2,731	2,854		
Movement in Provision for Doubtful Debts				
Trading	(180)	(364)		
Finance Group	(401)	(697)		
Directors Fees	163	163	163	163
4. TAXATION				
Net Operating Profit	83,570	21,770	57,752	42,596
Less Non--assessable Income	159	17,783	46,300	27,947
	83,411	3,987	11,452	14,649
Plus Non--deductible Items	507	6,226		
Attributed Foreign Income	589	(487)		
Taxable Income	84,507	9,726	11,452	14,649
Taxation at 33%	27,887	3,210	3,779	4,834
Adjustment for Foreign Rates other than 33%	670	(189)		
This Year's Taxation	28,557	3,021	3,779	4,834
Prior Period Taxation	373	249	(206)	1,796
Tax Rate Change	275	---		
Taxation Provided	29,205	3,270	3,573	6,630
This is represented by :				
Current Taxation	26,847	6,173	3,573	6,630
Deferred Taxation	2,358	(2,903)		
	29,205	3,270	3,573	6,630

	CONSOLIDATED 2000 $000	CONSOLIDATED 1999 $000	PARENT 2000 $000	PARENT 1999 $000
5. SHARE CAPITAL				
118,111,137 (1999 117,549,237) Ordinary Shares issued and paid up. All ordinary shares rank equally with one vote attached to each fully paid ordinary share.	198,295	194,881	198,295	194,881
561,900 shares were issued under approved Employee Share Purchase Schemes in accordance with the Constitution.				
6. RESERVES				
a Capital Profits brought forward	19,757	19,757	8,649	8,649
b Revaluation brought forward			49,786	68,314
Revaluation of Shares in Subsidiaries			2,799	(18,528)
			52,585	49,786
c Currency Translation brought forward	(3,992)	(2,930)		
Movement for the year	2,614	(1,062)		
	(1,378)	(3,992)		
	18,379	15,765	61,234	58,435
7. RETAINED EARNINGS				
Retained Earnings brought forward	162,083	182,355	119,413	122,219
Plus Group Profit	54,365	18,500	54,180	35,966
Less Special Dividend	17,717	17,613	17,717	17,613
Interim Dividend	11,755	10,579	11,755	10,579
Final Dividend	17,717	10,580	17,717	10,580
Retained Earnings Carried Forward	169,259	162,083	126,404	119,413

	CONSOLIDATED		PARENT	
	2000 $000	1999 $000	2000 $000	1999 $000
8. FIXED ASSETS				
Buildings (at cost)	91,173	84,164		
Less Depreciation	9,715	8,720		
	81,458	75,444		
Buildings at valuation 31 March 1992	14,363	17,550		
Less Depreciation	2,138	2,140		
	12,225	15,410		
Land (at cost)	19,618	20,100		
Land at valuation 31 March 1992	4,980	5,850		
	24,598	25,950		
Leasehold Improvements (at cost)	1,730	3,443		
Less Depreciation	504	2,598		
	1,226	845		
Plant and Equipment (at cost)	455,869	423,550		
Less Depreciation	257,818	228,503		
	198,051	195,047		
Capital Projects (at cost) Buildings	30,769	10,207		
Other	9,873	18,808		
	40,642	29,015		
	358,200	341,711		

The independent valuation of land and buildings as at 31 March 2000 was $127.717 million, excluding Capital projects (1999 $118.895 million).

	CONSOLIDATED 2000 $000	CONSOLIDATED 1999 $000	PARENT 2000 $000	PARENT 1999 $000
9. INVESTMENTS				
Shares in Subsidiary Companies			194,293	191,494
Share Purchase Loans to Employees	13,166	11,837	13,166	11,837
Other Investments	995	967		
	14,161	12,804	207,459	203,331

Share Purchase Loans to Employees of $13.166 million (1999 $11.837 million) are lent by the Company to Employees under Share Purchase Schemes to assist them to acquire fully paid ordinary shares in the Company.

Shares are normally issued at a 20 percent discount on market price, on terms permitted by the Schemes in accordance with CH2 or DF7 of the Income Tax Act 1994, with no interest or a nominal interest rate being charged on the loans. 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 pass to the Trustees. Any such shares are re-issued to employees by the Trustees. Trustees of the Employee Share Purchase Schemes are appointed by the Company.

4,814,700 shares (1999 4,691,600 shares) are held by Employee Share Purchase Schemes being 4.1 percent (1999 4.0 percent) of the Company's Issued and Paid Up Capital. As at 31 March 2000, all shares were allocated to employees except for 141,200 shares (1999 253,000 shares). Voting rights are held by the Trustees until the end of the qualifying period when they vest in the employee.

	2000 $000	1999 $000
10. FINANCE GROUP RECEIVABLES		
Receivable within one year	177,279	167,912
Receivable beyond one year	94,079	70,023
	271,358	237,935
Less Provision for Bad & Doubtful Debts	5,988	5,358
	265,370	232,577
Less Provision for Unearned Interest	21,954	16,266
	243,416	216,311

Included within the above are amounts advanced to bulk finance retailers hire purchase ledgers. These bulk advances are after deducting provisions for bad and doubtful debts, yield adjustments and security reserves.

	2000 $000	1999 $000
11. RENTAL EQUIPMENT		
Rental Equipment (at cost)	60,599	51,024
Less Depreciation	24,568	20,328
	36,031	30,696

	CONSOLIDATED		PARENT	
	2000 $000	1999 $000	2000 $000	1999 $000
12. FUTURE TAXATION BENEFIT				
Future Taxation Benefit brought forward	4,052	4,316		
Current year timing differences	(1,388)	(264)		
	2,664	4,052		
13. CURRENT ASSETS				
Inventories: Materials	55,569	49,956		
Spare Parts	4,401	4,793		
Finished Products	87,019	75,767		
	146,989	130,516		
Debtors: Trade Receivables	101,183	78,683		
Other Debtors and Prepayments	7,925	7,838		
Taxation	6,397	13,570	1,595	---
	115,505	100,091	1,595	---
Intergroup Advances			176,905	180,178
Bank and Cash Balances	5,286	13,843	18	74
	267,780	244,450	178,518	180,252
14. TERM BORROWINGS				
Borrowing Facilities due for repayment:				
One to Two Years	24,361	12,245		
Two to Three Years	39,684	97,134		
Three to Four Years	78,255	22,247		
	142,300	131,626		

Interest rates payable range from 3.5% to 6.9% per annum (1999 3.9% to 7.5%).
Borrowings in foreign currencies total A$66.5 million (1999 A$77.4 million) and USD5.0 million (1999 1.5 million).
A Negative Pledge Agreement has been executed with certain of the Group's Bankers. Companies operating under a Negative Pledge Agreement are listed in the accompanying Group Structure.

	CONSOLIDATED 2000 $000	CONSOLIDATED 1999 $000
15. FINANCE GROUP BORROWINGS		
A. Subordinated Debt		
This debt is subordinated to all other creditors.		
Due for Repayment between one and two years		5,000
Over two years	5,000	

The average interest rate is 7.5% per annum.

	CONSOLIDATED		PARENT	
	2000 $000	1999 $000	2000 $000	1999 $000
B. Secured Borrowings				
Borrowings are secured by a first charge over the assets of the Fisher & Paykel Finance Limited Group.				
(a) Debenture Stock due for repayment:				
Within one year	95,538	97,107		
Between one and two years	26,935	33,966		
Over two years	11,099	5,284		
	133,572	136,357		
The average interest rate is 6.4% per annum				
(b) Secured Advances due for repayment :				
Advances at call	---	8,001		
Within one year	78,903	35,826		
	78,903	43,827		
The average interest rate is 6.2% per annum.				
(c) Bank Overdraft	785	1,210		
	213,260	181,394		
C. Unsecured Borrowings				
Australia Finance Group				
Due for repayment between two and three years.	38,432	29,765		
The average interest rate is 5.8% per annum.				
Finance borrowings in foreign currencies total A$32.0 million. A Negative Pledge Agreement has been executed with Fisher & Paykel Finance Pty Limited's bankers.				
Total Finance Group Borrowings	256,692	216,159		

16. PROVISIONS

Warranty and Service Contracts				
Current	15,990	13,039		
Term	8,372	6,909		
	24,362	19,948		

17.DEFERRED TAXATION

Provision brought forward	258	1,500		
Current year timing differences	970	(3,565)		
Other movements	(955)	2,323		
	273	258		

	CONSOLIDATED		PARENT	
	2000 $000	1999 $000	2000 $000	1999 $000
18. CURRENT LIABILITIES				
Accounts Payable and Accruals	69,862	65,391	44	65
Employee Entitlements	20,333	18,036		
Bank Overdrafts	5,218	1,398		
Call Borrowings	15,227	7,926		
Restructuring Provision	3,500	9,210		
Provision for Dividend	---	10,580	---	10,580
Taxation 2,417	1,025	---	208	
	116,557	113,566	44	10,853

Borrowings and bank overdrafts in foreign currencies total.

AUD	1.342 million(1999 AUD 0.061 million)
USD	1.536 million (1999 USD 2.130 million)
DEM	0.244 million (1999 DEM 0.793 million)
SGD	0.479 million (1999 SGD 0.480 million)
GBP	0.239 million (1999 GBP 0.124 million)
FRF	1.003 million (1999 FRF 1.464 million)

Borrowings and Bank Overdrafts come under the Negative Pledge Deed as set out in Note 14.
Interest rates payable range from 3.5% to 6.7% per annum (1999 2.7% to 6.5% per annum).

19. CASHFLOW

	CONSOLIDATED		PARENT	
	2000 $000	1999 $000	2000 $000	1999 $000
Reconciliation of Group Profit after Taxation to Cash Flow from Operating Activities				
Group Profit After Taxation	54,365	18,500	53,973	37,762
Add / (Deduct) non-cash items:				
Depreciation and Writedown of Fixed Assets to recoverable value	62,969	67,891		
Amortisation of Goodwill	385	128		
Accrued Finance Group Interest Expense	565	212		
Accrued Interest Income	(82)	(366)	(264)	(295)
Movement in Provisions	9,027	2,051		
Movement in Deferred Tax / Future Tax Benefit	1,384	(1,777)		
Movement in Working Capital				
Payables	158	7,886	(22)	4
Receivables	(22,652)	11,133	---	6
Inventory	(16,473)	(15,529)		
Provision for Taxation net of supplementary dividend paid	13,154	(5,903)	2,145	3,100
Gain on Disposal of Operations	---	(17,708)	---	(1,654)
Provision for Restructuring and Closure Costs	---	9,210		
Foreign Currency Translation	2,148	(442)		
Net Cashflow from Operations	104,948	75,286	55,832	38,923
Analysis of Subsidiary Acquired				
Fixed Assets	---	661		
Goodwill on Acquisition	---	3,853		
Current Assets	---	4,218		
Term Liabilities	---	(1,495)		
Current Liabilities	---	(2,373)		
	---	4,864		
Analysis of Operations Divested				
Fixed Assets	---	1,841		
Current Assets	---	15,322		
Current Liabilities	---	(1,773)		
Gain on Disposal	---	17,708		
	---	33,098		

	CONSOLIDATED		PARENT	
	2000 $000	1999 $000	2000 $000	1999 $000
20. IMPUTATION CREDIT ACCOUNTS				
Balance brought forward			21,623	23,786
Imputation credits attached to dividends received			21,918	12,313
Tax Paid			1,585	1,733
Imputation credits attached to dividends paid to shareholders			(24,662)	(16,209)
			20,464	21,623
Imputation credits directly and indirectly available to shareholders as at 31 March 2000 are:				
Parent	20,464	21,623		
Subsidiaries	2,164	15,497		
	22,628	37,120		
21. CONTINGENT LIABILITIES				
Contingent liabilities at 31 March 2000 $NIL (1999 $NIL)				
22. COMMITMENTS				
Capital expenditure commitments for the Group at 31 March 2000 amount to	9,721	33,700		
Lease commitments under non-cancellable operating leases:				
Due for payment:				
Within one year	9,458	11,140		
Between one and two years	7,483	7,879		
Between two and five years	14,569	5,317		
Over five years	1,685	2,610		

	CONSOLIDATED	
	2000	1999
	$000	$000

23. CURRENCY

The following currency conversion rates were applied at 31 March 2000

		2000	1999
NZD1.00 =	USD	0.496	0.54
	AUD	0.819	0.85
	GBP	0.311	0.33
	DEM	1.01	0.958
	FRF	3.39	3.21
	SGD	0.85	0.92

24. RELATED PARTY TRANSACTIONS

The Group has not entered into any material contracts during the financial year involving related parties or directors interests.

25. FINANCIAL INSTRUMENTS TRADING GROUP

Management Policies

Through its importing and exporting activities, the Group generates a number of internal foreign currency hedges. General policy is to monitor current and anticipated future foreign currency trade cashflows and advice is taken on likely foreign currency rate trends. When considered appropriate, the Group will enter into options and forward exchange contracts to hedge current and anticipated future currency trade cashflows.

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

Management of foreign currency and interest rate risk is regularly reported to the Board of Directors.

Fair Value

Estimated fair values of the Group's financial assets and liabilities at 31 March 2000 are as follows:

	2000		1999	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
	$000	$000	$000	$000
Cash at Bank	5,285	5,285	13,843	13,843
Debtors	106,038	106,038	86,509	86,509
Call borrowings and bank overdraft	(18,801)	(18,801)	(5,847)	(5,847)
Term borrowings	(142,300)	(141,727)	(131,626)	(131,965)
Foreign currency forward exchange contracts		(2,670)		3,363
Foreign currency option agreements		(7,803)		368
Interest Rate Instruments		636		(648)

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

Cash at Bank, Debtors, Call Borrowings and Bank Overdraft

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

Term Borrowings

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

Foreign Currency Forward Exchange Contracts and Option Agreements

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

Interest Rate Instruments

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

Off Balance Sheet Risk

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

All of these forward exchange contracts and option agreements at 31 March 2000 were to hedge current and future trade related transactions. Notional principal or contract amounts outstanding were as follows:

	2000 $000	1999 $000
Foreign currency instruments		
Purchase commitments forward exchange contracts	132,217	51,970
Sale commitments forward exchange contracts	103,083	154,455
Call option agreements purchased	176,466	51,886
Purchase option agreements sold	820,254	389,973

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

All of the interest rate instruments at 31 March 2000 were to hedge borrowings outstanding. Notional principal or contract amounts outstanding were as follows:

	2000 $000	1999 $000
Interest Rate Instruments	91,050	55,294

Credit Risk

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

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

Parent Company

The parent company has no financial instruments as at 31 March 2000 (1999 NIL)

26. FINANCIAL INSTRUMENTS FINANCE GROUP

Management Policies

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

Fair Value

Estimated fair values of the Group's financial assets and liabilities at 31 March 2000 are as follows:

	2000		1999	
	Carrying Amount $000	Fair Value $000	Carrying Amount $000	Fair Value $000
Receivables	279,447	278,888	247,007	248,166
Securities	525	529	537	568
Debtors	2,162	2,162	954	954
Borrowings	(256,692)	(256,583)	(156,629)	(159,042)
Interest Rate Instruments	7	220	(27)	(124)

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

Debtors, Advances on Call and Bank Overdraft

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

Receivables and Securities

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

Borrowings

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

Interest Rate Instruments

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

Off Balance Sheet Risk

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

All interest rate instruments at 31 March 2000 were entered into to hedge borrowings outstanding. Notional principal or contract amounts outstanding were as follows:

	2000 $000	1999 $000
Interest Rate Instruments	96,500	53,500

Credit Risk

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

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

The total amounts receivable by the Group includes advances through its retailer (secured by taking an assignment over the individual finance receivable agreements) and its commercial accounts including rental receivables is $279.4 million as at 31 March 2000 (1999 $247.0 million).

Taking the amounts owing as advances to each retailer and commercial account, the proportion owed by the six largest debtors represents 42.7% of the total amounts receivable (1999 44.7%).

Taken as separate advances against each individual finance receivable agreement, the amounts owed by the six largest debtors represents 4.7% of the total amounts receivable (1999 8.0%).

Finance Group Interest Rate Risk Profile of Financial Assets and Liabilities

The interest rate risk profiles have been prepared as at 31 March 2000 on the basis of maturity or contractual repricing, whichever is the earlier.

31 March 2000	Weighted Average Interest Rate	Total $000	0-6 Mths $000	7-12 Mths $000	13-24 Mths $000	25-60 Mths $000
Financial Assets						
Finance Receivables	13.2%	243,416	94,658	64,407	56,328	28,023
Rental Equipment	12.9%	36,031	9,412	8,613	12,379	5,627
Securities	7.0%	525	---	---	525	---
Other Current Assets	N / A	2,935	2,935	---	---	---
		282,907	107,005	73,020	69,232	33,650
Financial Liabilities						
Secured Borrowings	*6.3%	213,260	119,055	56,171	26,935	11,099
Unsecured Borrowings	5.8%	38,432	---	---	---	38,432
Subordinated Debt	7.5%	5,000	5,000	---	---	---
Other Current Liabilities	N / A	5,928	5,928	---	---	---
		262,620	129,983	56,171	26,935	49,531

* Adjusted for Interest Rate Instruments.

31 March 1999						
Financial Assets						
Finance Receivables	13.8%	216,311	92,480	60,170	44,414	19,247
Rental Equipment	15.6%	30,696	7,401	6,493	10,521	6,281
Securities	5.1%	537	---	---	---	537
Other Current Assets	N / A	2,017	2,017	---	---	---
		249,561	101,898	66,663	54,935	26,065
Financial Liabilities						
Secured Borrowings	*6.4%	181,394	96,668	45,476	33,966	5,284
Unsecured Borrowings	5.02%	29,765	---	---	---	29,765
Subordinated Debt	5.6%	5,000	5,000	---	---	---
Other Current Liabilities	N / A	5,132	5,132	---	---	---
		221,291	106,800	45,476	33,966	35,049

* Adjusted for Interest Rate Instruments.

27. INDUSTRY SEGMENTS

The Group's principal activities are Whiteware with their major market being Australia and New Zealand; Healthcare, being mainly respiratory humidification based product exported from New Zealand to over 50 countries; and Finance, a New Zealand activity.

	Finance		Healthcare		Whiteware		Discontinued Business		Consolidated	
	2000	1999	2000	1999	2000	1999	2000	1999	2000	1999
	$000	$000	$000	$000	$000	$000	$000	$000	$000	$000
Revenue	50,570	48,554	143,297	118,649	625,583	530,816	14,818	75,362	834,268	773,381
Earnings from Trading			51,329	40,719	38,608	23,102	(1,062)	(6,163)	88,875	57,658
Finance Group										
Net Earnings	6,772	7,007					(1,661)	(1,659)	5,111	5,348
Assets	250,761	217,954	94,738	88,830	520,480	483,903	46,972	51,762	912,951	842,449
Unallocated Assets									13,166	11,837
Total Assets									926,117	854,286

28. EMPLOYEE REMUNERATION

Fisher & Paykel 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 Industries Limited received remuneration and the value of other benefits that exceeded $100,000 as follows:

Remuneration $	Number of Employees 2000	1999	Remuneration $	Number of Employees 2000	1999
100,000 - 110,000	28	20	250,001 - 260,000	3	2
110,001 - 120,000	20	24	260,001 - 270,000	---	1
120,001 - 130,000	12	12	270,001 - 280,000	1	1
130,001 - 140,000	19	10	280,001 - 290,000	---	1
140,001 - 150,000	11	19	290,001 - 300,000	3	4
150,001 - 160,000	14	11	300,001 - 310,000	1	1
160,001 - 170,000	10	6	310,001 - 320,000	1	1
170,001 - 180,000	10	6	320,001 - 330,000	2	---
180,001 - 190,000	7	6	330,001 - 340,000	---	1
190,001 - 200,000	2	5	340,001 - 350,000	---	2
200,001 - 210,000	4	5	360,001 - 370,000	1	---
210,001 - 220,000	6	6	390,001 - 400,000	---	1
220,001 - 230,000	4	4	400,001 - 410,000	1	---
230,001 - 240,000	5	2	510,001 - 520,000	1	---
240,001 - 250,000	3	1	570,001 - 580,000	---	1

The changes from last year may be attributed to two major influences.

Firstly, as we increase our direct representation in overseas markets, we remunerate employees in accordance with local market remuneration packages. These remuneration packages are then converted into New Zealand dollars.

Secondly, the inclusion of employees who were paid redundancy packages as a result of the restructuring which took place.

Five Year Financial Summary Fisher & Paykel Industries Limited

For year ended 31 March 2000	2000 $000	1999 $000	1998 $000	1997 $000	1996 $000
REVENUE					
Sales					
New Zealand	220,562	257,806	382,166	367,315	412,697
Overseas	554,677	460,192	412,482	355,500	349,136
Finance Group	58,050	54,054	50,013	57,447	52,794
Depreciation					
Trading	44,830	37,377	36,635	31,258	29,251
Finance Group	18,139	15,108	13,191	11,244	7,929
Interest					
Trading	10,416	10,341	8,565	7,570	8,893
Finance Group	13,852	14,686	14,813	23,931	24,350
Group Profit after Taxation excluding Abnormal Items	54,365	35,091	36,027	37,156	39,246
Group Profit including Abnormal Items	54,365	18,500	36,027	37,156	39,246
DIVIDENDS AND EARNINGS					
Dividend	47,189 *	38,772 *	20,919	20,367	19,822
Dividend per Share	40c *	33c *	18c	18c	18c
Earnings per Share excluding Abnormal Items	46c	30c	31c	33c	36c
Group Profit (excluding Abnormal Items) to Average Shareholders Equity	14.3%	9.2%	9.5%	10.6%	12.3%
FINANCIAL					
Shareholders Equity	385,933	372,729	394,063	363,820	334,108
Total Assets Trading Group	661,833	632,178	638,075	567,798	510,217
Total Assets Consolidated	926,117	854,286	827,145	759,178	816,671
Net Asset Backing per 50c share	$3.27	$3.17	$3.35	$3.20	$3.02
Current Ratio Trading Group	241%	223%	245%	318%	301%
Shareholders Equity Trading Group	58.3%	59.0%	61.8%	64.1%	65.5%
Shareholders Equity Consolidated	41.7%	43.6%	47.6%	47.9%	40.9%

* includes a special dividend of 15 cents per share

Group Structure Fisher & Paykel Industries Limited

(ALL COMPANIES ARE WHOLLY OWNED)
COMPANIES OPERATING UNDER A NEGATIVE PLEDGE AGREEMENT

FISHER & PAYKEL INDUSTRIES LIMITED OWNS:

Fisher & Paykel Limited
Fisher & Paykel Finance Limited
Fisher & Paykel Healthcare Limited (UK)
Fisher & Paykel Holdings Inc. (USA)
Fisher & Paykel (Singapore) Pte Limited
Cellnet Mobile Services Limited
Chapco Twenty Three Limited
Screencraft Manufacturing Limited

FISHER & PAYKEL LIMITED OWNS:

Allied Industries Limited
Cellnet Paging Services Limited
Fisher & Paykel Production Machinery Limited
Fisher & Paykel Healthcare Limited
Fisher & Paykel Healthcare Pty Limited (Australia)
Fisher & Paykel Security Systems Limited
H E Shacklock Limited

FISHER & PAYKEL HOLDINGS INC OWNS:

USA Subsidiaries:
Fisher & Paykel Appliances Inc
Fisher & Paykel Healthcare Inc

FISHER & PAYKEL HEALTHCARE LIMITED (UK) OWNS:

Fisher & Paykel Healthcare SAS (France)
Fisher & Paykel Holdings GmbH (Germany)
BGM Bürk GmbH (Germany)

FISHER & PAYKEL FINANCE LIMITED OWNS:

CIS Insurance Limited
Commercial Finance Limited
Consumer Finance Corporation Limited
Consumer Finance Limited
Consumer Insurance Services Limited
Equipment Finance Limited
Lifestyle Finance Limited
Burtlea Investments No 93 Limited

Fisher & Paykel Finance Limited Group Operates under its own Debenture Trust Deed

* ALLIED INDUSTRIES LIMITED OWNS:

Australian Subsidiaries:
* Fisher & Paykel Australia Holdings Limited
* Fisher & Paykel Australia Pty Limited
* Fisher & Paykel Customer Services Pty Limited
* Fisher & Paykel Manufacturing Pty Limited

Fisher & Paykel Service Pty Limited
Fisher & Paykel Finance Pty Limited

Fisher & Paykel Finance Pty Limited operates under its own Negative Pledge Agreement.

Shareholder Information Fisher & Paykel Industries Limited

Size of Holdings

Ordinary Shares				
Size of Holdings	Number of Holders	%	Number of Shares	%
1-100	488	6.28	21,118	0.02
101-1,000	3,224	41.50	1,908,468	1.61
1,001-5,000	3,229	41.57	7,413,053	6.28
5,001-10,000	496	6.39	3,556,087	3.01
Over 10,000	331	4.26	105,212,411	89.08
	7,768	100.00	118,111,137	100.00

The details set out above were as at 8 June 2000.

Substantial Security Holders

Pursuant to Section 26 of the Securities Amendment Act 1988,the substantial security holders as at 2 June 2000 were as follows:

	Ordinary Shares
AMP Asset Management New Zealand Limited (notice dated 17 August 1999)	9,580,274
AXA Asia Pacific Holdings Ltd (notice dated 12 May 2000)	5,917,812
The Capital Group Companies Inc (notice dated 24 January 2000)	7,640,000
Mercator Asset Management (notice dated 1 December 1995)	7,790,000

Shareholder Information Fisher & Paykel Industries Limited

Principal Shareholders

The names and holdings of the twenty largest registered shareholders as at 8 June 2000 were:

Holder	Ordinary Shares	%
New Zealand Central Securities Depository Limited	79,414,293	67.23
John William Gilks & Colin James Maiden	4,205,000	3.56
Woolf Fisher Trust	1,341,823	1.13
QBE Insurance (International) Limited	1,270,054	1.07
Gurshon Fisher	1,051,599	0.89
Gurshon Fisher (Gus Fisher Family A/C)	1,011,678	0.85
J Fisher, A J J Agar, G L Collinson & N S Robinson	1,006,640	0.85
Joyce Fisher	778,633	0.65
G A Paykel & D M Paykel & J W A Burns	734,563	0.62
W L Gillanders & G A Paykel	609,700	0.51
Maurice Paykel	452,984	0.38
Mary Patricia Brook	405,044	0.34
Florence Robinson	391,041	0.33
R M Lerner & J K Radley & P Lerner	363,050	0.30
Michael Fisher	326,828	0.27
Elizabeth Irene Wells	301,881	0.25
Athene Nominees Limited	300,000	0.25
David Paykel	275,498	0.23
John Julian Aubrey Williams	269,028	0.22
Donald David Rowlands	265,000	0.22

New Zealand Central Securities Depository Limited provides a custodial depository service to institutional shareholders and does not have a beneficial interest in these shares. Its major holders as at 2 June 2000 were:

Accident Rehabilitation and Compensation Insurance Corporation	2,800,000
AMP Life	4,319,438
ANZ Nominees	21,088,603
AMP Superannuation Tracker Fund	1,455,603
Credit Suisse First Boston NZ Fixed Income Limited	5,350,000
National Mutual Life Association of Australasia Ltd A Account	3,794,022
National Nominees New Zealand Limited	17,625,204
Newburg Nominees O/A Colonial First State Australasian Equities	2,028,892
Premier Nominees Ltd - Armstrong Jones NZ Share Fund	1,450,700
The Trustees Executors and Agency Company of New Zealand Ltd	2,356,228

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

Minority Veto Provisions

The Constitution of the company contains the minority veto provisions set out in the New Zealand Stock Exchange Listing Rules.

Directors Shareholdings

Directors held interests in the following shares in the Company at 31 March 2000:

	2000 Ordinary Shares	1999 Ordinary Shares
NMT Geary - beneficially owned	4,611	2,611
JW Gilks - beneficially owned	8,536	8,536
not beneficially owned	4,205,000	4,205,000
held by an associated person	20,000	5,360
WL Gillanders - beneficially owned	151,141	150,691
not beneficially owned	611,050	490,500
held by associated persons	2,591	2,591
DB Henry - beneficially owned	163,051	162,601
held by associated persons	4,898	4,898
CJ Maiden - beneficially owned	20,567	10,567
not beneficially owned	4,205,000	4,205,000
held by associated persons	20,567	10,567
GA Paykel - beneficially owned	885,013	954,563
not beneficially owned	673,641	553,091
held by associated persons	1,188,597	1,258,147
M Paykel - beneficially owned	452,984	452,984
not beneficially owned	2,445,038	2,445,038
held by associated persons	2,331,927	2,425,477
DD Rowlands - beneficially owned	265,000	265,000
J J A Williams - beneficially owned	419,478	389,028
held by associated persons	15,360	15,360

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

Share Dealings by Directors

In accordance with Section 148 (2) of the Companies Act 1993, the Board has received disclosures from the directors named below of acquisitions or dispositions of relevant interests in the company between 1 April 1999 and 31 March 2000. Particulars of such disclosures are:

Messrs Gillanders and G Paykel, as non-beneficial trustees of the company's Employee Share Purchase Scheme, acquired and disposed of shares pursuant to the company's Employee Share Purchase Scheme.

Mr Geary acquired 2,000 shares on 07/09/99 at $5.70 per share.

A company whose major shareholder is an associated person of Mr Gilks acquired 14,640 shares during the year.

Messrs Gillanders, Henry, G Paykel and Williams each obtained a beneficial interest in 450 shares pursuant to the company's Employee Share Purchase Scheme. The NZSE Market Surveillance Panel granted a waiver (dated 09/12/99) of Rule 7.3.6 for the issue of the shares.

Sir Colin Maiden and an associated person acquired 5,000 shares on 05/07/99 at $5.85 per share.

A family trust of which Sir Colin Maiden is a beneficiary acquired 5,000 shares on 15/12/99 at $6.50 per share.

A family trust of which Mr G Paykel is a beneficiary disposed of 30,000 shares on 22/04/99 at $5.90 per share and 40,000 shares on 22/12/99 at $7.15 per share.

An associated person of Mr G Paykel acquired 450 shares during the year.

Associated persons of Mr M Paykel acquired 450 shares and disposed of 94,000 shares during the year.

Mr Williams acquired 30,000 shares on 01/09/99 at $5.70 per share.

Disclosure of Interests by Directors Fisher & Paykel Industries Limited

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

N M T GEARY is Chairman of:
Budget Rent-A-Car Limited
Gough Gough & Hamer Limited
Heath Fielding NZ Limited
Owens Group Limited
PA Consultants Advisory Board
Rangatira Limited
South Eastern Utilities Limited
and a director of:
ANZCO Foods Limited
Cedenco Foods Limited
Comalco New Zealand Limited
Foodland Associated Limited
National Bank of New Zealand Limited
Kensington Swan (New Zealand Board Member)
President of Institute of Directors

J W GILKS is a director of:
Dublin Bay Investments Limited
Frontline Finance Holdings Limited & subsidiaries
Port Otago Limited
and a trustee of:
Fisher & Paykel Executive Share Purchase Scheme

W L GILLANDERS is a trustee of:
Fisher & Paykel Employee Share Purchase Scheme
Fisher & Paykel Staff Superannuation Scheme

C J MAIDEN is Chairman of:-
Independent Newspapers Limited
Tower Insurance Limited
Marsh New Zealand Advisory Board
Transpower New Zealand Limited
and a director of:
DB Group Limited
New Zealand Refining Company Limited
Foodland Associated Limited
Tower Limited
Tower Holdings Limited
Tower Financial Services Limited
and a trustee of:
Fisher & Paykel Executive Share Purchase Scheme
Independent Newspapers Limited Senior Executive Superannuation Scheme
Independent Newspapers Limited Superannuation Fund Scheme

G A PAYKEL is Chairman of:
Panprint Limited
and a director of:
Sport Drinks Limited
and a trustee of:
Fisher & Paykel Employee Share Purchase Scheme
Fisher & Paykel Staff Superannuation Scheme

D D ROWLANDS is Chairman of:
Mainfreight Transport Limited
and a director of:
C W F Hamilton Limited

DIRECTORS INDEMNITY AND INSURANCE

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

USE OF COMPANY INFORMATION

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

Executive and Directory Fisher & Paykel Industries Limited

EXECUTIVE

CHIEF EXECUTIVE OFFICER
Gary Paykel

EXECUTIVE DIRECTORS
Lindsay Gillanders
David Henry
Julian Williams

CORPORATE
Richard Blundell
Malcolm Clark

HEALTHCARE
Mike Daniell
Tony Barclay
David Boyle
Justin Callahan
Lewis Gradon
Paul Shearer

WHITEWARE
John Bongard
Brett Butterworth
Mike Church
Don Cooper
Christian Gianni
Mike Goadby
Brian Nowell
Richard Papworth
Mark Richardson
Chris Staynes
John Wardrop

FINANCE NEW ZEALAND
Alastair Macfarlane
Dennis Churches

DIRECTORY

Registered Office
Fisher & Paykel Industries Limited
78 Springs Road
East Tamaki
Auckland
New Zealand
Telephone: (64) (9) 273 0600
Facsimile: (64) (9) 273 0538

Postal Address
Private Bag 14917
Panmure
Auckland
New Zealand

Internet Address
www.fisherpaykel.com

e-Mail
customer.care@fp.co.nz

Share Registry
Computershare Registry Services Limited
Private Bag 92119
Auckland 1020
New Zealand
Telephone: (64) (9) 522 0022
Facsimile: (64) (9) 522 0058

Fisher & Paykel Finance Limited
Registered Office and Location of
Debenture Registry
31 Waiouru Road
East Tamaki
Auckland
New Zealand
Private Bag 94014
South Auckland Mail Centre
Telephone: (64) (9) 525 8550
Facsimile: (64) (9) 525 8584