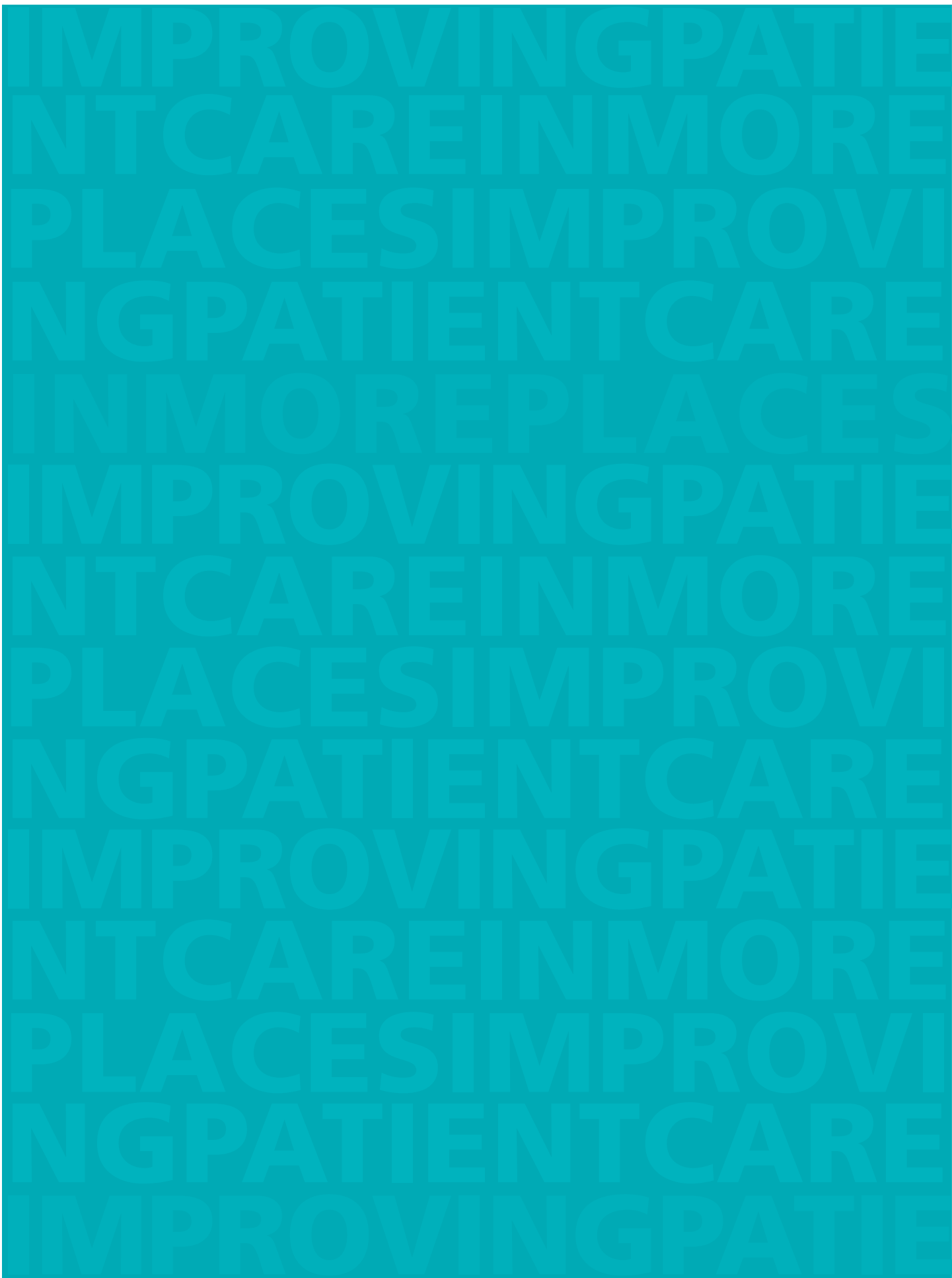


Interim Report 2007



IMPROVING PATIENT CARE IN MORE PLACES

Fisher & Paykel
HEALTHCARE



HALF YEAR REVIEW

Our growth strategy delivered record revenue across our range of products for the six months ended 30 September 2006. Our strategy remains consistent, based on a growing range of innovative products, opportunities to serve additional patient groups and international expansion.

Our results for the half year demonstrated the success of that strategy, with several significant new product introductions, strong investment in research and development, and expansion of our international sales activities. We also completed a significant investment in future capacity with the opening of the second building on our Auckland site.

Trading revenue grew a robust 28% to NZ\$173.2 million with strong growth in each of our product groups: respiratory humidification systems, devices for treating obstructive sleep apnea (OSA) and neonatal products.

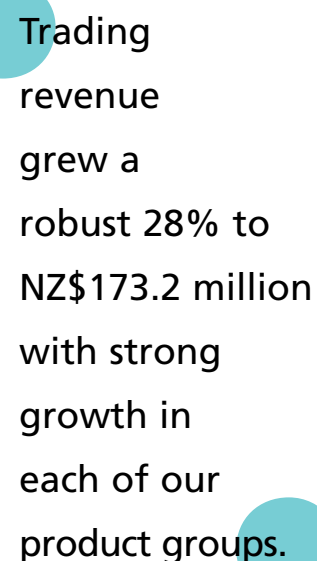
Our sales activities span more than 110 countries and revenue is generated in a wide variety of currencies. US dollars contributed 62% of trading revenue, Euros 20%, Australian dollars 7%, UK pounds 6% and New Zealand dollars 1%. Expressed in constant currency terms, our trading revenue grew an encouraging 22%.

We achieved an operating profit of NZ\$46.1 million compared to NZ\$47.4 million for the first half last year. Net foreign exchange hedging gains contributed NZ\$2.8 million to first half operating profit compared to NZ\$22.6 million in the same period last year. Profit after tax for the six months was NZ\$29.7 million.

Your directors have approved an interim dividend for the financial year ending 31 March 2007 of NZD 5.4 cents per ordinary share (2006: 5.4 cents), carrying full imputation credit. Non-resident shareholders will receive a supplementary dividend of NZD 0.953 cents per share. The interim dividend will be paid on 1 December 2006, with a record date of 22 November, and an ex-dividend date of 16 November for the ASX and 23 November for the NZSX.

The interim dividend represents approximately 93% of first half after tax profit, in line with the Company's current policy.

In September we announced an extension of our NZ\$27.5 million share buyback programme to 31 March 2007. No shares were repurchased during the six months ended 30 September 2006. Since the initiation of this share buyback programme in March 2004 we have acquired 5,774,537 shares at an average price of NZ\$2.65 per share.



Trading revenue grew a robust 28% to NZ\$173.2 million with strong growth in each of our product groups.



TRADING REVENUE BY PRODUCT GROUP

US DOLLARS Six Months Ended 30 September			NZ DOLLARS Six Months Ended 30 September			
Percentage variation	2005 US\$000	2006 US\$000	Product Group	2006 NZ\$000	2005 NZ\$000	Percentage variation
+12%	43,079	48,056	Respiratory humidification	75,999	61,378	+24%
+20%	41,613	49,941	Obstructive sleep apnea	79,090	59,312	+33%
+16%	7,470	8,659	Neonatal care	13,715	10,648	+29%
+16%	92,162	106,656	Core products sub-total	168,804	131,338	+29%
-3%	2,875	2,786	Distributed	4,419	4,100	+8%
+15%	\$95,037	\$109,442	Total trading revenue	\$173,223	\$135,438	+28%

RESPIRATORY HUMIDIFICATION

Robust growth in humidifier controller volume was driven primarily by our high-end MR850 system. The rapidly growing installed base of MR850s generated strong growth in both adult and neonatal breathing circuits. Trading revenue was NZ\$76.0 million with growth of approximately 23% in constant currency terms compared with the first half last year.

Earlier this year we announced the introduction of an extensive range of new respiratory interfaces. These have received very good early acceptance from our hospital customers. We are confident that these new products will help us over time to significantly increase the number of respiratory patient groups we can address.

The new interfaces are already assisting our entry into the non-invasive ventilation, oxygen therapy and humidity therapy markets.

Pilot marketing of our MR860 humidifier system for use in laparoscopic insufflation has proceeded positively in New Zealand and Australia. We have now begun preparation for the start of the international introduction of this new product.

OBSTRUCTIVE SLEEP APNEA

In our OSA product group, total trading revenue was NZ\$79.1 million. Combined trading revenue from masks and flow generators increased 28% in constant currency terms over the same period last year.

We continued to gain market share in this rapidly growing market, and our growth was a result of increasing sales to a wide range of customers, both in North America and international markets.

Sales of our expanding range of masks grew particularly strongly. Our latest addition, the FlexiFit™ 432 full face mask, has been well received by customers. This new mask builds on our successful FlexiFit™ 431 full face mask and includes the proprietary foam cushion technology we offer in our range of nasal masks.

A rapidly growing proportion of our flow generator sales were from our SleepStyle™ 600 series, which incorporates our ThermoSmart™ technology.

NEONATAL CARE

Demand for our neonatal products increased strongly, with particularly robust growth from our neonatal respiratory systems. Total trading revenue was NZ\$13.7 million, representing approximately 23% growth in constant currency terms over the same period last year.

INTERNATIONAL SALES

We have continued to expand our sales, marketing and operations teams in North America, Europe, Asia and South America to increase our geographical coverage and to support ongoing growth.

North America generated 49% of our trading revenue for the half year, with Europe contributing 29% and Asia/Pacific and Other 22%.

RESEARCH AND DEVELOPMENT

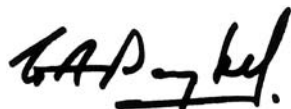
The core component of our growth strategy is to provide an expanding range of innovative medical devices which can help to improve care and outcomes for an increasing range of patients. Our research and development activities are critical to achieving that objective.

Our research and development expenditure grew 13%, compared with the same period last year, to NZ\$9.5 million. We have introduced a number of significant new products this year and have a substantial new product pipeline. Over the next six months we expect to be introducing further new masks, breathing system consumables and flow generators.

OUTLOOK

Our performance in the six months to 30 September 2006, coupled with the introduction of new products and growth in our international sales activities, gives us confidence that we can achieve continuing strong trading revenue growth for the full year. If average spot exchange rates remain similar to those experienced in the first half, we expect to achieve an operating profit of approximately NZ\$98 million for the full year.

North America generated 49% of our trading revenue for the half year, with Europe contributing 29% and Asia/Pacific and Other 22%.



GARY PAYKEL

Chairman



MICHAEL DANIELL

Managing Director and
Chief Executive Officer

Accountants' Report

To the shareholders of Fisher & Paykel Healthcare Corporation

We have reviewed the interim consolidated financial statements on pages 5 to 16. The interim consolidated financial statements provide information about the past financial performance and cash flows of the Company and Group for the period ended 30 September 2006 and their financial position as at that date. This information is stated in accordance with the accounting policies set out on pages 39 to 42 of the Annual Report dated 31 March 2006.

Directors' responsibilities

The Company's Directors are responsible for the preparation and presentation of the interim consolidated financial statements that present fairly the financial position of the Company and Group as at 30 September 2006 and their financial performance and cash flows for the period ended on that date.

Accountants' responsibilities

We are responsible for reviewing the financial statements presented by the Directors in order to report to you whether, in our opinion and on the basis of the procedures performed by us, anything has come to our attention that would indicate that the financial statements do not present fairly the matters to which they relate.

Basis of opinion

A review is limited primarily to enquiries of company personnel and analytical review procedures applied to financial data and thus provides less assurance than an audit. We have not performed an audit on the interim consolidated financial statements and, accordingly, we do not express an audit opinion.


We have reviewed the interim consolidated financial statements of the Company and the Group for the period ended 30 September 2006 in accordance with the Review Engagement Standards issued by the Institute of Chartered Accountants of New Zealand.

We have no relationship with or interests in the Company or any of its subsidiaries other than in our capacities as accountants conducting this review, auditors of the annual financial statements and providers of other assurance related services.

Review opinion

Based on our review, nothing has come to our attention that causes us to believe that the interim consolidated financial statements do not present fairly the financial position of the Company and Group as at 30 September 2006 and their financial performance and cash flows for the period ended on that date.

Our review was completed on 1 November 2006 and our review opinion is expressed as at that date.



Chartered Accountants

Auckland

Unaudited Consolidated Statements of Financial Performance

FISHER & PAYKEL HEALTHCARE CORPORATION LIMITED

Year Ended 31 March 2006	US DOLLARS			NZ DOLLARS		
	Six Months Ended 30 September 2005	Six Months Ended 30 September 2006		Six Months Ended 30 September 2006	Six Months Ended 30 September 2005	Year Ended 31 March 2006
US\$000	US\$000	US\$000		NZ\$000	NZ\$000	NZ\$000
199,556	95,037	109,442	Trading revenue	173,223	135,438	289,547
24,060	13,724	1,576	Hedging gains (i)	2,494	19,558	34,910
223,616	108,761	111,018	Total operating revenue	175,717	154,996	324,457
83,645	41,655	45,692	Cost of sales	72,321	59,363	121,365
139,971	67,106	65,326	Gross profit	103,396	95,633	203,092
			Operating expenses:			
56,293	27,997	30,247	Selling, general and administrative expenses	47,875	39,899	81,679
11,956	5,856	5,976	Research and development expenses	9,458	8,345	17,348
68,249	33,853	36,223	Total operating expenses	57,333	48,244	99,027
71,722	33,253	29,103	Operating profit	46,063	47,389	104,065
			Other income (expenses):			
795	549	283	Interest income	448	782	1,154
(554)	(350)	(783)	Interest expense	(1,240)	(499)	(804)
241	199	(500)	Total other income (expenses)	(792)	283	350
71,963	33,452	28,603	Profit before taxation	45,271	47,672	104,415
(23,743)	(11,285)	(9,834)	Taxation	(15,565)	(16,083)	(34,450)
48,220	22,167	18,769	Profit after taxation	29,706	31,589	69,965
9.5 cps	4.4 cps	3.7 cps	Basic earnings per share	5.8 cps	6.2 cps	13.8 cps
9.2 cps	4.2 cps	3.6 cps	Diluted earnings per share	5.7 cps	6.0 cps	13.3 cps
508,382,132	507,810,153	510,501,016	Weighted average basic shares outstanding	510,501,016	507,810,153	508,382,132
524,846,569	524,482,177	523,732,382	Weighted average diluted shares outstanding	523,732,382	524,482,177	524,846,569

(i) Hedging gains on foreign currency option contracts and forward foreign currency contracts relating to sales made to foreign based subsidiaries.

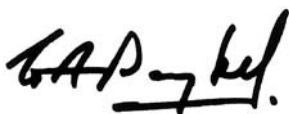
Unaudited Consolidated Statements of Financial Position

FISHER & PAYKEL HEALTHCARE CORPORATION LIMITED

US DOLLARS			Notes	NZ DOLLARS		
31 March 2006	30 September 2005	30 September 2006		30 September 2006	30 September 2005	31 March 2006
US\$000	US\$000	US\$000		NZ\$000	NZ\$000	NZ\$000
ASSETS						
Current assets						
10,126	13,993	2,846	Cash and bank	4,361	20,204	16,554
7,340	2,770	-	Short-term investments	-	4,000	12,000
33,651	36,332	41,110	Debtors and prepayments	3	63,003	55,013
22,137	21,772	26,788	Inventories	4	41,054	36,190
3,198	852	2,262	Taxation		3,467	5,228
217	287	365	Employee share ownership plans loans		560	354
76,669	76,006	73,371	Total current assets		112,445	109,741
Long-term assets						
78,479	71,053	90,693	Property, plant and equipment		138,993	128,296
1,379	1,687	1,497	Patents and trademarks		2,294	2,255
160	235	440	Employee share ownership plans loans		675	261
630	847	547	Goodwill on consolidation		838	1,030
6,294	10,075	6,642	Deferred taxation		10,179	10,289
163,611	159,903	173,190	Total assets		265,424	230,874
LIABILITIES						
Current liabilities						
3,368	3,931	4,656	Bank overdrafts		7,135	5,506
11,728	8,985	11,233	Trade creditors		17,215	19,173
700	849	688	Provisions		1,055	1,144
11,216	2,704	16,556	Borrowings		25,373	18,335
316	662	545	Taxation		836	517
10,806	9,430	11,364	Other liabilities	5	17,414	17,666
38,134	26,561	45,042	Total current liabilities		69,028	38,349
Long-term liabilities						
325	357	337	Provisions		516	532
369	290	394	Other liabilities	5	604	604
38,828	27,208	45,773	Total liabilities		70,148	39,284
SHAREHOLDERS' EQUITY						
124,783	132,695	127,417	Total shareholders' equity		195,276	203,993
163,611	159,903	173,190	Total liabilities and shareholders' equity		265,424	230,874

On behalf of the Board

1 November 2006



G A Paykel
Chairman



M G Daniell
Managing Director and
Chief Executive Officer

Unaudited Consolidated Statements of Movements in Equity

FISHER & PAYKEL HEALTHCARE CORPORATION LIMITED

Year Ended 31 March 2006	US DOLLARS			NZ DOLLARS		
	Six Months Ended 30 September 2005	Six Months Ended 30 September 2006		Six Months Ended 30 September 2006	Six Months Ended 30 September 2005	Year Ended 31 March 2006
US\$000	US\$000	US\$000		NZ\$000	NZ\$000	NZ\$000
			Total recognised revenues and expenses			
48,220	22,167	18,769	Profit after taxation	29,706	31,589	69,965
(16,288)	(2,158)	5,721	Movement in currency translation reserve	(3,830)	1,163	3,345
31,932	20,009	24,490		25,876	32,752	73,310
			Contributions from shareholders			
402	76	703	Issue of share capital	1,113	108	588
-	-	28	Increase in equity from disposition of unallocated shares	45	-	-
402	76	731		1,158	108	588
			Distributions to shareholders			
(3,518)	(2,718)	-	Repurchase of share capital	-	(3,874)	(5,053)
(40,010)	(20,649)	(22,587)	Dividends	(35,751)	(29,427)	(56,883)
(43,528)	(23,367)	(22,587)		(35,751)	(33,301)	(61,936)
(11,194)	(3,282)	2,634	Movements in shareholders' equity for the period	(8,717)	(441)	11,962
135,977	135,977	124,783	Shareholders' equity at beginning of the period	203,993	192,031	192,031
124,783	132,695	127,417	Shareholders' equity at end of the period	195,276	191,590	203,993

Unaudited Consolidated Statements of Cash Flows

FISHER & PAYKEL HEALTHCARE CORPORATION LIMITED

Year Ended 31 March 2006	US DOLLARS		Note	NZ DOLLARS		
	Six Months Ended 30 September 2005	Six Months Ended 30 September 2006		Six Months Ended 30 September 2006	Six Months Ended 30 September 2005	Year Ended 31 March 2006
US\$000	US\$000	US\$000		NZ\$000	NZ\$000	NZ\$000
CASH FLOWS FROM OPERATING ACTIVITIES						
234,098	109,259	105,760	Receipts from customers	167,395	155,706	339,666
4	2	-	Dividends received	-	3	6
868	502	262	Interest received	414	715	1,260
(149,365)	(68,985)	(82,671)	Payments to suppliers and employees	(130,840)	(98,308)	(216,723)
(18,527)	(7,390)	(7,949)	Taxation paid	(12,582)	(10,531)	(26,882)
(598)	(58)	(746)	Interest paid	(1,181)	(82)	(868)
66,480	33,330	14,656	Net cash flow from operations	6	23,206	47,503
CASH FLOWS (USED IN) INVESTING ACTIVITIES						
26	26	-	Sale of property, plant and equipment	-	37	38
(36,177)	(18,081)	(11,373)	Purchase of property, plant and equipment	(18,001)	(25,767)	(52,491)
(762)	(439)	(368)	Patent and trademark registration costs	(582)	(626)	(1,106)
16,463	13,970	11,898	Sale of short-term investments	18,832	19,909	23,887
(15,149)	(7,091)	(4,396)	Purchase of short-term investments	(6,958)	(10,106)	(21,980)
(35,599)	(11,615)	(4,239)	Net cash flow (used in) investing activities	(6,709)	(16,553)	(51,652)
CASH FLOWS (USED IN) FINANCING ACTIVITIES						
257	127	127	Employee share purchase schemes	201	181	373
402	76	145	Issue of share capital	230	108	588
(3,518)	(2,718)	-	Repurchase of share capital	-	(3,874)	(5,053)
-	-	68	Disposition of unallocated employee share scheme shares	107	-	-
57,866	2,151	51,723	New borrowings	81,866	3,065	83,961
(47,239)	(650)	(46,605)	Repayment of borrowings	(73,766)	(927)	(68,542)
(40,011)	(20,649)	(22,587)	Dividends paid	(35,751)	(29,427)	(56,925)
(3,490)	(1,855)	(2,010)	Supplementary dividends paid to overseas shareholders	(3,181)	(2,644)	(5,064)
(35,733)	(23,518)	(19,139)	Net cash flow (used in) financing activities	(30,294)	(33,518)	(50,662)
(4,852)	(1,803)	(8,722)	Net (decrease) in cash	(13,797)	(2,568)	(5,855)
11,908	11,908	6,758	Opening cash	11,048	16,816	16,816
(298)	(43)	154	Effect of foreign exchange rates	(25)	281	87
6,758	10,062	(1,810)	Closing cash	(2,774)	14,529	11,048
RECONCILIATION OF CLOSING CASH						
10,126	13,993	2,846	Cash and bank	4,361	20,204	16,554
(3,368)	(3,931)	(4,656)	Bank overdrafts	(7,135)	(5,675)	(5,506)
6,758	10,062	(1,810)	Closing cash	(2,774)	14,529	11,048

Notes to the Financial Statements

FISHER & PAYKEL HEALTHCARE CORPORATION LIMITED

1. ORGANISATION AND BASIS OF PRESENTATION

Fisher & Paykel Healthcare Corporation Limited and its subsidiaries ("the Company") is a leading designer and manufacturer of heated humidification products and systems for use in respiratory care and the treatment of obstructive sleep apnea. The Company also offers an innovative range of neonatal care products.

The Company's headquarters and manufacturing operations are located in New Zealand, with products sold in over 110 countries worldwide. Principal distribution and sales sites are located in the United States, the United Kingdom, Australia and Europe.

The accompanying unaudited condensed consolidated financial statements have been prepared in accordance with Financial Reporting Standard No 24, "Interim Financial Statements", issued by the New Zealand Institute of Chartered Accountants, and are presented in New Zealand dollars. The accompanying unaudited condensed consolidated financial statements do not include all of the information and footnotes required by New Zealand Generally Accepted Accounting Practice ("GAAP") for complete financial statements. In the opinion of management, all adjustments (consisting of normal recurring accruals) considered necessary for a fair presentation have been included. Operating results for the six months ended 30 September 2006 are not necessarily indicative of the results that may be expected for the financial year ending 31 March 2007.

The New Zealand dollar unaudited condensed consolidated financial statements have been translated into US dollars to assist in the understanding of the Company's financial results.

2. ACCOUNTING POLICIES

All significant accounting policies have been applied on a basis consistent with those used in the audited financial statements for the year ended 31 March 2006.

US DOLLARS			NZ DOLLARS		
31 March 2006	30 September 2005	30 September 2006	30 September 2006	30 September 2005	31 March 2006
US\$000	US\$000	US\$000	NZ\$000	NZ\$000	NZ\$000

3. DEBTORS AND PREPAYMENTS

			CURRENT			
30,681	28,593	36,881	Trade debtors	56,523	41,283	50,157
(340)	(317)	(444)	Less allowance for doubtful accounts	(680)	(457)	(555)
30,341	28,276	36,437		55,843	40,826	49,602
-	2,137	-	Unrealised gain on foreign currency instruments	-	3,086	-
380	279	159	Foreign currency option premium prepaid	243	403	621
2,930	5,640	4,514	Other debtors and prepayments	6,917	8,143	4,790
33,651	36,332	41,110		63,003	52,458	55,013

4. INVENTORIES

6,119	5,431	6,772	Materials	10,378	7,841	10,003
17,689	18,422	21,827	Finished products	33,451	26,598	28,918
(1,671)	(2,081)	(1,811)	Provision for obsolescence	(2,775)	(3,004)	(2,731)
22,137	21,772	26,788		41,054	31,435	36,190

Notes to the Financial Statements

FISHER & PAYKEL HEALTHCARE CORPORATION LIMITED

US DOLLARS			NZ DOLLARS		
31 March 2006	30 September 2005	30 September 2006	30 September 2006	30 September 2005	31 March 2006
US\$000	US\$000	US\$000	NZ\$000	NZ\$000	NZ\$000

5. OTHER LIABILITIES

			CURRENT			
5,494	5,936	6,788	Employee entitlements	10,403	8,570	8,982
5,312	3,494	4,576	Other creditors and accruals	7,011	5,045	8,684
10,806	9,430	11,364		17,414	13,615	17,666
			TERM			
369	290	394	Other creditors and accruals	604	419	604
369	290	394		604	419	604

US DOLLARS			NZ DOLLARS		
Year Ended 31 March 2006	Six Months Ended 30 September 2005	Six Months Ended 30 September 2006	Six Months Ended 30 September 2006	Six Months Ended 30 September 2005	Year Ended 31 March 2006
US\$000	US\$000	US\$000	NZ\$000	NZ\$000	NZ\$000

6. CASH FLOW RECONCILIATION

48,220	22,167	18,769	Profit after taxation	29,706	31,589	69,965
Add (deduct) non-cash items:						
5,817	3,019	3,416	Depreciation and writedown of property, plant and equipment to recoverable amount	5,407	4,303	8,441
493	297	301	Amortisation of patents and trademarks	476	423	715
265	135	121	Amortisation of goodwill	192	192	385
91	91	(5)	Accrued interest income / expense	(8)	129	128
66	246	-	Movement in provisions	(105)	386	321
3,040	(740)	(348)	Movement in deferred taxation	110	(1,364)	2,893
Movement in working capital:						
(7,161)	(1,163)	1,949	Payables and accruals	(150)	982	9,471
844	300	(7,455)	Debtors and prepayments	(7,985)	(528)	(6,298)
(520)	666	(6,381)	Inventory	(7,517)	270	(5,720)
3,423	4,477	3,175	Provision for taxation net of supplementary dividend paid	5,261	6,345	4,328
5,688	3,551	-	Movement in unrealised revaluations of foreign currency instruments	-	4,947	8,033
6,214	284	1,114	Foreign currency exchange translation	(2,181)	(171)	3,797
66,480	33,330	14,656	Net cash flow from operations	23,206	47,503	96,459

Notes to the Financial Statements

FISHER & PAYKEL HEALTHCARE CORPORATION LIMITED

7. FINANCIAL INSTRUMENTS

MANAGEMENT POLICIES

Through its importing and exporting activities the Company generates a number of internal foreign currency hedges. General policy is to monitor current and anticipated foreign currency trading cash flows and advice is taken on likely foreign currency rate trends. The Company enters into foreign currency option contracts and forward foreign currency contracts in managing its foreign exchange risk.

The purpose of the Company's foreign currency hedging activities is to protect the Company from exchange rate volatility with respect to New Zealand dollar net cash movements resulting from the sale of products in foreign currencies to foreign customers, and the purchase of raw materials in foreign currencies from foreign and domestic suppliers. The Company enters into foreign currency option contracts and forward foreign currency contracts to hedge anticipated net sales/costs denominated principally in US dollars, Euros, British pounds, Australian dollars, Japanese Yen and Canadian dollars.

The terms of the foreign currency option contracts and the forward foreign currency contracts generally do not exceed five years. However, with Board approval, the foreign currency option contracts and the forward foreign currency contracts may have terms of up to ten years.

As at 1 April 2001 the Company adopted Statement of Financial Accounting Standards No 133, 'Accounting for Derivative Instruments and Hedging Activities' (SFAS 133), as amended, which standardises the accounting for derivative instruments. The Company's hedging contracts were not designated as accounting hedges under SFAS 133 because of the restrictive definitions and therefore were marked to market with the resulting gains and losses being recognised in the Statement of Financial Performance in the period of change. Unrealised gains or losses were recognised as incurred on the Statement of Financial Position as either other assets, within debtors and prepayments, or liabilities and were recorded as gains or losses on the Statement of Financial Performance. Unrealised gains and losses on currency derivatives were determined based on dealer quoted prices.

As at 6 November 2002 the Company designated its hedging contracts and options as accounting hedges under Statement of Standard Accounting Practice No 21, 'Accounting for the Effects of Changes in Foreign Currency Exchange Rates' (SSAP 21). As a result of this change in policy, the mark to market fair value recorded at 6 November 2002 under SFAS 133 was retained on the Statement of Financial Position and was offset against the gain/loss on settlement of the contracts. Movements in the mark to market fair values subsequent to 6 November 2002 were deferred and were reflected in the Statement of Financial Performance when the anticipated transactions occurred. The foreign currency exchange rates used in the mark to market adjustment as at 6 November 2002 (USD 0.4944, AUD 0.8816, GBP 0.3174, EUR 0.4963) became the effective hedge rates for the foreign currency option contracts and the forward foreign currency contracts in place on that date.

All the foreign currency option contracts and forward foreign currency contracts that were in place on 6 November 2002 had been delivered by 31 March 2006. As a consequence there are no amounts in relation to the 6 November 2002 mark to market fair value retained on the Statement of Financial Position as at 30 September 2006.

Notional principal amounts of forward exchange and option contracts outstanding were as follows:

US DOLLARS				NZ DOLLARS		
31 March 2006	30 September 2005	30 September 2006		30 September 2006	30 September 2005	31 March 2006
US\$000	US\$000	US\$000		NZ\$000	NZ\$000	NZ\$000
796	2,449	1,552	Purchase commitments forward exchange contracts	2,379	3,536	1,302
28,933	92,150	34,704	Sale commitments forward exchange contracts	53,186	133,050	47,299
52,132	202	68,289	Put option contracts purchased	104,657	292	85,224
3,857	-	30,607	Call option contracts sold (i)	46,907	-	6,306

(i) This represents the sold floor component of collar option contracts. In all cases there is a matching foreign currency principal amount (the purchased cap or ceiling) included within "put option contracts purchased".

Notes to the Financial Statements

FISHER & PAYKEL HEALTHCARE CORPORATION LIMITED

			FOREIGN CURRENCY		
			30 September 2006	30 September 2005	31 March 2006
			000	000	000

7. FINANCIAL INSTRUMENTS (continued)

Foreign currency principal amounts of sale commitments forward exchange contracts and put option contracts purchased were as follows:

USD	US\$55,000	US\$45,115	US\$65,520
EUR	€24,285	€11,962	€11,762
GBP	£2,520	£2,751	£2,329
AUD	A\$4,100	A\$3,619	A\$3,411
CAD	C\$7,950	C\$2,750	C\$3,835

Foreign currency principal amounts of purchase commitments forward exchange contracts were as follows:

USD	-	US\$262	-
EUR	€175	€1,026	-
JPY	¥144,000	¥97,457	¥95,000

US DOLLARS			NZ DOLLARS		
31 March 2006	30 September 2005	30 September 2006	30 September 2006	30 September 2005	31 March 2006
US\$000	US\$000	US\$000	NZ\$000	NZ\$000	NZ\$000

8. COMMITMENTS

Capital expenditure commitments:

6,403	20,556	113	Buildings	173	29,680	10,467
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There has been no material movement in other capital expenditure or lease commitments from that disclosed in the 2006 Annual Report.

9. CONTINGENCIES

We are unaware of the existence of any contingencies that would have a material impact on the operations of the Company.

10. IMPLEMENTATION OF INTERNATIONAL FINANCIAL REPORTING STANDARDS

As announced by New Zealand's Accounting Standards Review Board in late 2002 the Company will be required to prepare financial statements under the New Zealand equivalent of International Financial Reporting Standards ("NZ IFRS") for the year ending 31 March 2008, including comparative financial information for the year ending 31 March 2007.

During the 2004 financial year a project team was established to plan for the transition to NZ IFRS and identify the impacts of its implementation. A high level overview has been completed and reported to the Audit & Risk Committee of the Board. The project team also examined the potential implications of adopting NZ IFRS from 1 April 2005 and decided not to early adopt the new standards.

The two main reasons for choosing not to early adopt were firstly to reduce the risk of an inconsistent application of NZ IFRS compared to other companies, both in New Zealand and overseas, and secondly to allow time for increased shareholder and analyst understanding of the earnings volatility that could result from the transition.

Notes to the Financial Statements

FISHER & PAYKEL HEALTHCARE CORPORATION LIMITED

10. IMPLEMENTATION OF INTERNATIONAL FINANCIAL REPORTING STANDARDS (continued)

The Company will adopt NZ IFRS for the year ending 31 March 2008, including comparative financial information for the year ending 31 March 2007.

The areas of significant difference for the Company between previous New Zealand GAAP and NZ IFRS are set out below. A number of these differences from current accounting policy have not been fully quantified as at this stage the Company is unable to reliably quantify all the effects.

FUNCTIONAL CURRENCY

No currency translation reserve post implementation.

Foreign currency hedging of foreign subsidiaries' sales not inter-company sales.

Based on the criteria in NZ IAS21 and the current nature of the Company's activities the Company has assessed the functional currency of the Parent and all subsidiaries to be New Zealand dollars, as all operations are fully integrated operations.

The effect of determining the functional currency of the foreign operations to be New Zealand dollars is that all transactions entered into by the foreign subsidiaries will be accounted for as if they had been entered into by the New Zealand entities. For example, monetary items will be translated into the functional currency using the closing rate of foreign exchange, and non-monetary items that are measured on a historical cost basis will be translated using the foreign exchange rate at the date of the transaction that resulted in their recognition.

NZ IAS39 only allows hedge accounting for a foreign currency exposure into an entity's functional currency. The Company currently hedges a significant portion of its foreign currency exposure via hedging inter-company sales. On adoption of NZ IFRS the functional currency of the foreign subsidiaries will change to New Zealand dollars. The Company will change to hedging the local currency sales in the foreign subsidiaries to New Zealand dollars.

This should result in a minimal impact to the consolidated financial statements.

HEDGE ACCOUNTING

Initial impact on shareholders' funds on implementation.

Volatility in future earnings.

New assets or liabilities recognised.

The Company maintains an off-balance sheet portfolio of foreign currency option contracts and forward foreign currency contracts to hedge the currency risks resulting from the sale of products in foreign currencies to foreign customers, and the purchase of raw materials in foreign currencies from foreign and domestic suppliers. Under previous New Zealand GAAP these contracts are accounted for as hedges with any gains or losses deferred and recognised when the hedged transaction occurs.

Under NZ IFRS all derivative contracts, whether used as hedging instruments or otherwise, will be recognised at fair value in the Statement of Financial Position. Changes in the fair value of the derivatives will be recognised in the Statement of Financial Performance unless strict hedge criteria are met. Portfolio hedging of currency risk does not meet NZ IFRS hedge criteria and would require any foreign currency gains or losses on the portfolio hedge to be recognised in the Statement of Financial Performance. The Company believes hedge accounting is achievable for the majority of the Company's activities.

As at 30 September 2006 the Company estimates that a fair value asset of \$4.2 million and a fair value liability of \$0.4 million would be recorded under NZ IFRS on the Statement of Financial Position had NZ IFRS already been adopted. The Company believes that the hedges would achieve hedge effectiveness with the net fair value being held in the cash flow hedge reserve increasing shareholders' funds by \$3.8 million.

The Company also uses financial instruments as hedges to manage exposures to interest rate risks.

Where the Company is unable to meet NZ IFRS hedge criteria this could result in earnings volatility.

Notes to the Financial Statements

FISHER & PAYKEL HEALTHCARE CORPORATION LIMITED

10. IMPLEMENTATION OF INTERNATIONAL FINANCIAL REPORTING STANDARDS (continued)

SHARE-BASED REMUNERATION

Initial impact on shareholders' funds on implementation.

Higher expenses.

The Company issues share options to selected employees as a form of equity-based compensation. The Company's current accounting policy does not recognise a compensatory expense in respect of these share options.

The Company also issues shares to employees under the Employee Share Ownership Plan ("ESOP"). The shares are usually offered to employees at a discount of 20% of the market price at the time of issue. The Company's current accounting policy does not recognise a compensatory expense for the discount on the issue of these shares.

On adoption of NZ IFRS the Company will be required to determine the fair value of all share-based remuneration, including the discount on shares issued by the ESOP, and amortise the expenses over the relevant vesting periods.

For the six months ended 30 September 2006 the Company estimates that a compensatory expense in relation to share options issued to employees would approximate \$0.5 million, and that the expense for the year ending 31 March 2007 would approximate \$1.0 million.

For the six months ended 30 September 2006 the Company estimates that a compensatory expense in relation to the ESOP would approximate \$0.1 million, and that the expense for the year ending 31 March 2007 would approximate \$0.2 million.

TAXATION

Initial impact on shareholders' funds on implementation.

Additional deferred tax assets or liabilities recognised.

Under NZ IFRS deferred tax will be calculated using a "balance sheet" approach which recognises deferred tax assets and liabilities by reference to differences between the accounting and tax values of Statement of Financial Position items rather than the accounting and tax values recognised in the Statement of Financial Performance. It is expected that on adoption of NZ IFRS the Company will be required to recognise additional deferred tax assets and liabilities.

EMPLOYEE BENEFITS

Initial impact on shareholders' funds on implementation.

Higher expenses.

Additional liabilities recognised.

The Company currently recognises a liability when long service leave is fully vested. Under NZ IFRS long service leave is accrued as it is earned. The liability is measured using an actuarial technique to reflect the probability that payment will be required.

The Company operates a pension plan for employees. The majority of the Company's employees are members of a defined contribution plan and under previous NZ GAAP contributions to the plan are expensed when made. This treatment is consistent with NZ IFRS. The Company also operates a defined benefit plan for a small number of employees. Under NZ IFRS the Company will be required to recognise the surplus or deficit of the defined benefit plan as an asset or liability in the Statement of Financial Position with the resulting movement recognised in the Statement of Financial Performance.

In relation to the defined benefit pension plan there will be an initial impact on shareholders' funds on implementation of NZ IFRS which the Company is currently in the process of estimating and the Company expects to recognise higher employee expenses under NZ IFRS.

We believe that the above items will result in an increase in annual expenses recognised in the Statement of Financial Performance.

Notes to the Financial Statements

FISHER & PAYKEL HEALTHCARE CORPORATION LIMITED

10. IMPLEMENTATION OF INTERNATIONAL FINANCIAL REPORTING STANDARDS (continued)

ACCOUNTING FOR GOODWILL

Initial impact on shareholders' funds on implementation.

Elimination of amortisation will reduce expenses and increase earnings.

Volatility in results in event of impairment.

Under NZ IFRS goodwill is not required to be amortised but is required to be regularly reviewed for impairment, according to strict tests, and any loss in value recognised as an expense at the time the loss in value is identified. This will result in a change in the Company's accounting policy, which currently amortises goodwill on a straight line basis over the lower of the period of expected benefit or ten years. Under the new policy, amortisation will no longer be charged and to the extent that recoverable amount of goodwill is valued higher than the book value this will result in a lower expense in the Statement of Financial Performance.

Under previous NZ GAAP goodwill amortisation of \$0.4 million is recorded on an annual basis. The Company believes that under NZ IFRS goodwill amortisation would not be recorded and that no impairment in the value of the Company's goodwill would be recorded on transition to NZ IFRS.

FAIR VALUE AS DEEMED COST

Initial impact on shareholders' funds on implementation.

Increase in asset value recognised.

Under NZ IFRS the Company may elect to measure an item of property, plant and equipment at the date of transition to NZ IFRS at its fair value and use that value as its deemed cost going forward. The Company has identified one asset that has a fair value significantly different to the historical cost recorded under current NZ GAAP, being land owned at East Tamaki in Auckland.

Based upon an independent valuation carried out by DTZ New Zealand in March 2006 the fair value of this land was \$59.2 million. This valuation compares to a historical cost value of \$6.2 million recorded in these condensed financial statements. Based upon these values the Company intends to make a deemed cost adjustment in respect to land of \$53.0 million upon adoption of NZ IFRS.

INVESTMENT IN SUBSIDIARIES (PARENT)

Decrease in asset value recognised.

Decrease in shareholders' funds recognised.

Under NZ IFRS the Parent company will be required to record investments in subsidiaries at cost. Under previous NZ GAAP the investment in subsidiaries is recorded at net tangible asset value by the Parent company. The result of this change would be to reduce the value of the investment and shareholders' funds in the Parent company by the same amount.

As at 30 September 2006 the Parent company estimates that the reduction to both investment in subsidiaries and shareholders' funds would be \$82.5 million. Upon consolidation there would be no change to the Company's (Parent and its subsidiaries) investment or shareholders' funds balances.

Notes to the Financial Statements

FISHER & PAYKEL HEALTHCARE CORPORATION LIMITED

10. IMPLEMENTATION OF INTERNATIONAL FINANCIAL REPORTING STANDARDS (continued)

On adoption of NZ IFRS the majority of the transitional adjustments required will be made retrospectively against opening shareholders' funds.

The areas identified above should not be taken as an exhaustive list of all the differences between previous NZ GAAP and NZ IFRS.

The impacts discussed are based on management's current interpretation of the standards that have been released to date. There is potential for the significance of the impact to change when the Company prepares its first set of NZ IFRS financial statements due to changes in the standards, changes in our business, or changes in management's interpretation of the standards. These potential changes might result in material differences to the information presented in this note.

GROUP STRUCTURE

* FISHER & PAYKEL HEALTHCARE CORPORATION LIMITED OWNS:

- * Fisher & Paykel Healthcare Limited (NZ)
- * Fisher & Paykel Healthcare Pty Limited (Australia)
- * Fisher & Paykel Healthcare Properties Limited (NZ)
- * Fisher & Paykel Healthcare Treasury Limited (NZ)
 - Fisher & Paykel Healthcare Limited (UK)
 - Fisher & Paykel Holdings Inc. (USA)
 - Fisher & Paykel Healthcare K.K. (Japan)
 - Fisher & Paykel do Brasil Ltda (Brazil)

FISHER & PAYKEL HOLDINGS INC. (USA) OWNS:

Fisher & Paykel Healthcare Inc. (USA)

FISHER & PAYKEL HEALTHCARE LIMITED (UK) OWNS:

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

FISHER & PAYKEL HOLDINGS GMBH (GERMANY) OWNS:

Fisher & Paykel Healthcare GmbH & Co KG (Germany)

ALL COMPANIES ARE WHOLLY OWNED

*COMPANIES OPERATING UNDER A NEGATIVE PLEDGE AGREEMENT

DIRECTORS' DETAILS

The Directors of Fisher & Paykel Healthcare Corporation Limited at any time during or since the end of the half year are as follows:

Gary Albert Paykel	Chairman, Non-Executive, Independent
Michael Grenfell Daniell	Managing Director and Chief Executive Officer
Philip Michael Smith	Deputy Chairman, Non-Executive, Independent
Prof. Adrienne Elizabeth Clarke	Non-Executive, Independent
Sir Colin James Maiden	Non-Executive, Independent
Dr Nigel Thomas Evans	Non-Executive, Independent
William Lindsay Gillanders	Non-Executive

During the six months to 30 September 2006:

At the Annual Meeting of Shareholders held on 24 August 2006, Sir Colin Maiden and Mr Lindsay Gillanders retired by rotation in accordance with the Company's constitution, and were re-elected to the Board.

EXECUTIVES' DETAILS

Michael Daniell, *Managing Director and Chief Executive Officer*

Senior Management

Lewis Gradon, *Senior Vice-President – Research and Development*

Paul Shearer, *Senior Vice-President – Sales and Marketing*

Tony Barclay, *Chief Financial Officer and Company Secretary*

DIRECTORY

The details of the Company's principal administrative and registered office in New Zealand are:

15 Maurice Paykel Place, East Tamaki, Auckland, New Zealand
Telephone: +64-9-574 0100
Facsimile: +64-9-574 0158

Postal Address

PO Box 14348, Panmure, Auckland 1741, New Zealand

Internet Address

www.fphcare.co.nz

Email Address

investor@fphcare.co.nz

Share Registry

In New Zealand
Computershare Investor Services Limited
Level 2, 159 Hurstmere Road, Takapuna, Auckland

Postal Address

Private Bag 92119, Auckland 1142, New Zealand
Telephone: +64-9-488 8700
Facsimile: +64-9-488 8787
Investor Enquiries: +64-9-488 8777
Internet address: www.computershare.co.nz
Email: enquiry@computershare.co.nz

Stock Exchanges

The Company's ordinary shares are listed on the NZSX and the ASX.

Incorporation

The Company was incorporated in Auckland, New Zealand.

The details of the Company's registered office in Australia are:

36-40 New Street, Ringwood, Victoria 3134, Australia
Telephone: +61-3-9879 5022
Facsimile: +61-3-9879 5232

Postal Address

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In Australia

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Investor Enquiries: 1 300 855 080
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Email: sydney.services@computershare.com.au

