

## News Release

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

### **FISHER & PAYKEL HEALTHCARE ANNOUNCES RECORD NZ\$72.9M FULL YEAR PROFIT FROM STRONG PRODUCT GROWTH AND CURRENCY GAINS**

Auckland, New Zealand, 22 May 2003 - Fisher & Paykel Healthcare Corporation Limited (NZSE:FPH. ASX:FPH)

Fisher & Paykel Healthcare Corporation Limited today announced a record profit from continuing operations of NZ\$72.9 million after-tax for the financial year ended 31 March 2003. Revenue for the year grew 15%, in US dollar terms, compared with the prior year. Forecasts for the current year are for continued strong US dollar revenue growth.

The NZ dollar result represents a profit increase from continuing operations of 17% over the prior year and includes realised and unrealised foreign exchange currency gains totalling NZ\$23.0 million after-tax. Operating margin was 35.5% reflecting effective cost management, foreign exchange hedging and manufacturing efficiency gains made during the year.

#### **Dividend**

The Directors have approved an increased final dividend for the financial year ended 31 March 2003 of NZD 27 cents per ordinary share, carrying full imputation credits. Non-resident shareholders will receive a supplementary dividend of 4.76 cents per share. The final dividend will be paid on 20 June 2003, with a record date of 13 June, and an ex-dividend date of 6 June for the ASX and 16 June for the NZSE.

#### **Revenue growth**

Operating revenue for the company's core product range grew 17%, in US dollar terms, over the prior year. This increase was driven by strong growth in sales both of devices for the treatment of obstructive sleep apnea (OSA) and of respiratory humidification systems. OSA revenue increased by 28% and respiratory humidification revenue increased by 12% in US dollar terms.

For the quarter ended 31 March 2003 the company reported revenue growth against the prior comparable quarter from its core product range of 20% in US dollar terms, with respiratory humidification revenue growing 25% and OSA revenue 20%.

"We were very pleased by the increase in revenue growth in respiratory humidification in the last quarter. This was driven by the rapidly increasing global acceptance of our sophisticated MR850 respiratory humidifier system, continuing strong market share gains in adult and neonatal breathing circuits and also gains from currency conversion," said Managing Director and Chief Executive Officer, Michael Daniell.

"The performance of the OSA product group was also encouraging with strong growth achieved during the year in both the US and other markets by our integrated flow generator-humidifiers, CPAP humidifiers and masks".

#### **Outlook**

"This year we are planning a number of significant new product introductions including CPAP flow generators, masks, humidifier systems, breathing circuits, breathing circuit components and patient warmers. We also plan further expansion of our international sales activities and expect a continuation of strong US dollar revenue growth," said Mr Daniell.

With regard to the company's NZ\$23.0 million after-tax foreign exchange currency gain for the year, Mr Daniell said the company currently has in place a mix of foreign exchange contracts and call options, with a face value of approximately NZ\$438 million. The instruments are at an average

exchange rate of approximately 0.4513 US dollars and 0.4607 Euros to the New Zealand dollar. As previously announced, along with its decision to de-list from Nasdaq, the company has changed its treatment of foreign exchange instruments and since 6 November 2002 has treated them as hedges under NZ GAAP for accounting purposes.

### **Financial Statements**

Attached to this news release are condensed financial statements in both NZ dollars and US dollars.

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

Fisher & Paykel Healthcare is a leading designer, manufacturer and marketer of heated humidification products and systems for use in respiratory care and the treatment of obstructive sleep apnea. It also offers an innovative range of patient warming devices and neonatal care products. The company's products are sold in over 90 countries worldwide.

Following its reorganisation in November 2001 the company reports the results of the healthcare business, its only remaining business, as continuing operations, and the results of the appliances and finance businesses that it no longer operates as discontinued operations.

### **Fiscal 2003 Full Year Earnings Conference Call**

Fisher & Paykel Healthcare will host a conference call to review the results and to discuss the outlook for fiscal year 2004. The conference call will be broadcast simultaneously over the Internet.

To listen to the webcast, to be held at 9.30am NZT, 7.30am AEST on Thursday 22 May (5.30pm USEST, Wednesday 21 May), access the company's website at [www.fphcare.com](http://www.fphcare.com). Please allow extra time prior to the webcast to visit the site and download the streaming media software required. An online archive of the event will be available approximately two hours after the webcast and will remain onsite for approximately two weeks.

For those people unable to access the call via the Internet, we are making available an audio replay of the conference call. This will be available from approximately 11.30am NZT for two weeks. To listen to the replay dial +61 2 8524 1009 international or 02 8524 1009 within Australia. The passcode to access the recording is 125008#.

For further information contact Michael Daniell CEO on +64 9 574 0161 or Tony Barclay CFO on +64 9 574 0119 at Fisher & Paykel Healthcare Corporation Limited or visit the company's website at [www.fphcare.com](http://www.fphcare.com)

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

**Condensed Statements of Financial Performance from Continuing Operations  
(In thousands of NZ dollars, except per share data)**

|   | Three Months Ended<br>March 31, |             | Twelve Months Ended<br>March 31, |             |
|---|---------------------------------|-------------|----------------------------------|-------------|
|   | 2003                            | 2002        | 2003                             | 2002        |
| Operating revenue from continuing operations      | \$52,313                        | \$57,224    | \$208,420                        | \$214,596   |
| Cost of Sales                                     | 16,244                          | 18,963      | 67,568                           | 65,811      |
| Gross Profit                                      | 36,069                          | 38,261      | 140,852                          | 148,785     |
| Operating expenses:                               |                                 |             |                                  |             |
| Selling, general and administrative               | 13,643                          | 13,990      | 55,432                           | 56,619      |
| Research and development                          | 2,972                           | 2,691       | 11,535                           | 10,264      |
| Total operating expenses                          | 16,615                          | 16,681      | 66,967                           | 66,883      |
| Operating profit                                  | 19,454                          | 21,580      | 73,885                           | 81,902      |
| Other income (expenses), net:                     |                                 |             |                                  |             |
| Interest income (expenses), net                   | 521                             | 709         | 2,997                            | (267)       |
| Foreign currency exchange profit                  | -                               | 11,906      | 34,326                           | 13,313      |
| Other expenses                                    | -                               | (135)       | -                                | (1,092)     |
| Total other income, net                           | 521                             | 12,480      | 37,323                           | 11,954      |
| Profit from continuing operations before taxation | 19,975                          | 34,060      | 111,208                          | 93,856      |
| Taxation  | (7,081)                         | (11,497)    | (38,304)                         | (31,532)    |
| Profit from continuing operations after taxation  | \$12,894                        | \$22,563    | \$72,904                         | \$62,324    |
| Basic earnings per share                          | \$0.13                          | \$0.22      | \$0.71                           | \$0.56      |
| Diluted earnings per share                        | \$0.12                          | \$0.22      | \$0.70                           | \$0.56      |
| Weighted average basic shares outstanding         | 102,396,234                     | 102,335,083 | 102,367,449                      | 111,537,416 |
| Weighted average diluted shares outstanding       | 104,208,200                     | 103,857,583 | 107,960,399                      | 112,173,791 |

**Operating Revenue from Continuing Operations**  
**(In thousands of NZ dollars)**

|  | Three Months Ended<br>March 31, |                 | Twelve Months Ended<br>March 31, |                  |
|--|---------------------------------|-----------------|----------------------------------|------------------|
|  | 2003                            | 2002            | 2003                             | 2002             |
| Respiratory humidification products        | \$26,090                        | \$27,281        | \$102,576                        | \$109,318        |
| OSA products                               | 21,671                          | 23,553          | 84,893                           | 79,046           |
| Patient warming and neonatal care products | 2,791                           | 4,394           | 12,157                           | 13,754           |
| Core products sub-total                    | \$50,552                        | \$55,228        | \$199,626                        | \$202,118        |
| Distributed products                       | 1,761                           | 1,996           | 8,794                            | 12,478           |
| <b>Total</b>                               | <b>\$52,313</b>                 | <b>\$57,224</b> | <b>\$208,420</b>                 | <b>\$214,596</b> |

**Condensed Statements of Financial Position**  
**(In thousands of NZ dollars)**

|   | As of March 31, 2003 | As of March 31, 2002 |
|---|----------------------|----------------------|
| Cash  | \$13,336             | \$73,310             |
| Short-term investments                            | 35,000               | -                    |
| Debtors and prepayments                           | 58,996               | 41,752               |
| Inventories                                       | 21,852               | 19,216               |
| Other current assets                              | 4,589                | 6,304                |
| <b>Total current assets</b>                       | <b>133,773</b>       | <b>140,582</b>       |
| Fixed assets                                      | 71,448               | 63,236               |
| Other assets                                      | 23,531               | 11,515               |
| <b>Total Assets</b>                               | <b>\$228,752</b>     | <b>\$215,333</b>     |
| Current liabilities continuing operations         | \$34,766             | \$41,760             |
| Long-term liabilities continuing operations       | 1,169                | 1,690                |
| Shareholders' equity                              | 192,817              | 171,883              |
| <b>Total liabilities and shareholders' equity</b> | <b>\$228,752</b>     | <b>\$215,333</b>     |

**Condensed Statement of Cash Flows**  
**(In thousands of NZ dollars)**

Twelve Months Ended  
March 31,

|   | 2003      | 2002      |
|---|-----------|-----------|
| <b>Cashflow from Operating Activities:</b>                          |           |           |
| Receipts from Customers   | \$217,167 | \$195,427 |
| Payments to Suppliers   | (134,198) | (134,210) |
| Interest Paid   | (288)     | (1,606)   |
| Interest Received   | 3,612     | 1,145     |
| Dividends Received  | 6         | 151       |
| Tax Paid  | (40,348)  | (24,922)  |
| Net Cashflow from Operations from Continuing Operations             | 45,951    | 35,985    |
| <b>Cashflow from (used in) Investing Activities:</b>                |           |           |
| Net Purchase of Fixed Assets  | (16,356)  | (13,067)  |
| Net Proceeds from the disposal of Appliances and Finance Businesses | -         | 299,321   |
| Net Purchase of Short-Term Investments                              | (34,603)  | -         |
| Net Cashflow from (used in) Investing from Continuing Operations    | (50,959)  | 286,254   |
| <b>Cashflow from (used in) Financing Activities:</b>                |           |           |
| Employee Share Purchase Repayments                                  | 3,363     | 4,371     |
| Net Issue (Repayment) of Share Capital                              | 407       | (185,894) |
| Net Repayment of Borrowings   | (5,085)   | (371)     |
| Dividends Paid  | (52,828)  | (78,955)  |
| Net Cashflow (used in) Financing from Continuing Operations         | (54,143)  | (260,849) |
| Net Cashflow from Discontinued Operations                           | -         | 9,248     |
| Net (Decrease) Increase in Cash                                     | (59,151)  | 70,638    |
| Opening Cash  | 72,043    | 1,706     |
| Effect of Foreign Exchange Rates                                    | (662)     | (301)     |
| Closing Cash  | \$12,230  | \$72,043  |
| <b>Reconciliation of Closing Cash</b>                               |           |           |
| Bank  | \$13,336  | \$73,310  |
| Bank overdrafts   | (1,106)   | (1,267)   |
| Closing Cash  | \$12,230  | \$72,043  |

**FISHER & PAYKEL HEALTHCARE CORPORATION LIMITED  
AND SUBSIDIARIES**  
**Condensed Statements of Financial Performance from Continuing Operations**  
**(In thousands of US dollars, except per share data)**

|   | Three Months Ended<br>March 31, |             | Twelve Months Ended<br>March 31, |             |
|---|---------------------------------|-------------|----------------------------------|-------------|
|   | 2003                            | 2002        | 2003                             | 2002        |
| Operating revenue from continuing operations      | \$28,787                        | \$24,105    | \$103,063                        | \$89,250    |
| Cost of Sales                                     | 8,992                           | 7,952       | 33,412                           | 27,371      |
| Gross Profit                                      | 19,795                          | 16,153      | 69,651                           | 61,879      |
| Operating expenses:                               |                                 |             |                                  |             |
| Selling, general and administrative               | 7,528                           | 5,904       | 27,411                           | 23,548      |
| Research and development                          | 1,630                           | 1,134       | 5,704                            | 4,269       |
| Total operating expenses                          | 9,158                           | 7,038       | 33,115                           | 27,817      |
| Operating profit                                  | 10,637                          | 9,115       | 36,536                           | 34,062      |
| Other income (expenses), net:                     |                                 |             |                                  |             |
| Interest income (expenses), net                   | 305                             | 293         | 1,483                            | (111)       |
| Foreign currency exchange profit                  | 642                             | 4,925       | 16,974                           | 6,870       |
| Other expenses                                    | -                               | (59)        | -                                | (454)       |
| Total other income, net                           | 947                             | 5,159       | 18,457                           | 6,305       |
| Profit from continuing operations before taxation | 11,584                          | 14,274      | 54,993                           | 40,367      |
| Taxation  | (4,085)                         | (4,822)     | (18,941)                         | (13,554)    |
| Profit from continuing operations after taxation  | \$7,499                         | \$9,452     | \$36,052                         | \$26,813    |
| Basic earnings per share                          | \$0.07                          | \$0.09      | \$0.35                           | \$0.24      |
| Diluted earnings per share                        | \$0.07                          | \$0.09      | \$0.35                           | \$0.24      |
| Weighted average basic shares outstanding         | 102,396,234                     | 102,335,083 | 102,367,449                      | 111,537,416 |
| Weighted average diluted shares outstanding       | 104,208,200                     | 103,857,583 | 103,960,399                      | 112,173,791 |

**Operating Revenue from Continuing Operations**  
(In thousands of US dollars)

|  | Three Months Ended<br>March 31, |                 | Twelve Months Ended<br>March 31, |                 |
|--|---------------------------------|-----------------|----------------------------------|-----------------|
|  | 2003                            | 2002            | 2003                             | 2002            |
| Respiratory humidification products        | \$14,335                        | \$11,490        | \$50,752                         | \$45,454        |
| OSA products                               | 11,951                          | 9,918           | 41,999                           | 32,868          |
| Patient warming and neonatal care products | 1,534                           | 1,857           | 6,004                            | 5,743           |
| Core products sub-total                    | \$27,820                        | \$23,265        | \$98,755                         | \$84,065        |
| Distributed products                       | 967                             | 840             | 4,308                            | 5,185           |
| <b>Total</b>                               | <b>\$28,787</b>                 | <b>\$24,105</b> | <b>\$103,063</b>                 | <b>\$89,250</b> |

**Condensed Statement of Financial Position**  
(In thousands of US dollars)

|   | As of March 31, 2003 | As of March 31, 2002 |
|---|----------------------|----------------------|
| Cash  | \$7,381              | \$32,315             |
| Short-term investments                            | 19,373               | -                    |
| Debtors and prepayments                           | 32,654               | 18,404               |
| Inventories                                       | 12,095               | 8,470                |
| Other current assets                              | 2,540                | 2,779                |
| <b>Total current assets</b>                       | <b>74,043</b>        | <b>61,968</b>        |
| Fixed assets                                      | 39,546               | 27,874               |
| Other assets                                      | 13,023               | 5,076                |
| <b>Total Assets</b>                               | <b>\$126,612</b>     | <b>\$94,918</b>      |
| Current liabilities continuing operations         | \$19,241             | \$18,407             |
| Long-term liabilities continuing operations       | 647                  | 745                  |
| Shareholders' equity                              | 106,724              | 75,766               |
| <b>Total liabilities and shareholders' equity</b> | <b>\$126,612</b>     | <b>\$94,918</b>      |

**Condensed Statement of Cash Flows**  
**(In thousands of US dollars)**

Twelve Months Ended  
March 31,

|   | 2003      | 2002      |
|---|-----------|-----------|
| <b>Cashflow from Operating Activities:</b>                          |           |           |
| Receipts from Customers   | \$107,389 | \$81,278  |
| Payments to Suppliers   | (66,872)  | (55,825)  |
| Interest Paid   | (142)     | (668)     |
| Interest Received   | 1,786     | 476       |
| Dividends Received  | 3         | 63        |
| Tax Paid  | (19,952)  | (10,365)  |
| Net Cashflow from Operations from Continuing Operations             | 22,212    | 14,959    |
| <b>Cashflow from (used in) Investing Activities:</b>                |           |           |
| Net Purchase of Fixed Assets  | (8,088)   | (5,435)   |
| Net Proceeds from the disposal of Appliances and Finance Businesses | -         | 124,488   |
| Net Purchase of Short-Term Investments                              | (17,111)  | -         |
| Net Cashflow from (used in) Investing from Continuing Operations    | (25,199)  | 119,053   |
| <b>Cashflow from (used in) Financing Activities:</b>                |           |           |
| Employee Share Purchase Repayments                                  | 1,663     | 1,818     |
| Net Issue (Repayment) of Share Capital                              | 202       | (77,313)  |
| Net Repayment of Borrowings   | (2,515)   | (155)     |
| Dividends Paid  | (25,136)  | (32,837)  |
| Net Cashflow (used in) Financing from Continuing Operations         | (25,786)  | (108,487) |
| Net Cashflow from Discontinued Operations                           | -         | 3,846     |
| Net (Decrease) Increase in Cash                                     | (28,773)  | 29,371    |
| Opening Cash  | 31,757    | 687       |
| Effect of Foreign Exchange Rates                                    | 3,785     | 1,699     |
| Closing Cash  | \$6,769   | \$31,757  |
| <b>Reconciliation of Closing Cash</b>                               |           |           |
| Bank  | \$7,381   | \$32,315  |
| Bank overdrafts   | (612)     | (558)     |
| Closing Cash  | \$6,769   | \$31,757  |