News Release

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

FISHER & PAYKEL HEALTHCARE REPORTS 15% GROWTH IN PROFIT TO NZ$71.6M

Auckland, New Zealand, 26 May 2010 - Fisher & Paykel Healthcare Corporation Limited (NZSX:FPH, ASX:FPH) today reported a net profit of NZ$71.6 million for the year ended 31 March 2010, an increase of 15% compared to the prior year. Strong growth in its obstructive sleep apnea (OSA) and respiratory and acute care product groups, as well as favourable foreign exchange hedging results, contributed to the result.

Operating revenue

Operating revenue for the year ended 31 March 2010 increased 14% over the prior year to a record US$341.5 million, or 10% to NZ$503.3 million.

OSA product group operating revenue increased by 22% to US$160.8 million or 17% to NZ$237.0 million, reflecting strong demand for the company's premium flow generators and masks. Respiratory and acute care product group operating revenue increased by 11% to US$164.7 million or 7% to NZ$242.4 million.

"Operating revenue growth for our OSA product group was a robust 34% in US dollar terms in the second half and 17% in constant currency terms for the year, as we gained market share with our new premium products. Late in the year, we began introduction of our new ICON flow generator range, which has been enthusiastically received by customers in New Zealand and Australia.

Accelerating growth in demand for our respiratory and acute care devices was encouraging, with second half revenue growth of 35% in US dollar terms, or 17% in constant currency, compared to the same period last year", commented Fisher & Paykel Healthcare's CEO, Mr Michael Daniell.

The company continued to generate strong operating revenue growth from clinical applications beyond its traditional invasive ventilation and OSA markets. These include patients requiring non-invasive ventilation, oxygen therapy, humidity therapy and laparoscopic surgery. Those applications contributed 27% of the company's respiratory and acute care consumables revenue for the year.

In October 2009, the company ceased sales of its infant warmer product line in North America and transferred distribution of the Medela product line in Australia to Medela.

Dividend

The company's directors have approved a final dividend for the financial year ended 31 March 2010 of 7.0 NZ cents per ordinary share (2009: 7.0 cents), carrying full imputation credit. Eligible non-resident shareholders will receive a supplementary dividend of 1.2353 NZ cents per share. The final dividend will be paid on 9 July 2010, with a record date of 25 June, and an ex-dividend date of 21 June for the ASX and 28 June for the NZSX.

The company offers a dividend reinvestment plan (DRP), under which shareholders may elect to reinvest all or part of their cash dividends in additional Fisher & Paykel Healthcare shares. A 3% discount will be applied when determining the price per share of shares issued under the DRP and will be applied in respect of the 2010 final dividend and future dividends, until such time as the directors determine otherwise.

The directors have reviewed the company's capital structure and intend to progressively increase shareholders funds, to ensure that the company has capacity to continue to implement its foreign currency hedging policy as it grows.

A target debt to debt plus equity ratio of 5% to 15% (excluding unrealised financial instrument gains or losses) has been established. The company expects that, subject to earnings performance, the dividend will be maintained in real terms until such time as the target capital structure is achieved. Longer term, the directors expect that a dividend payout ratio of greater than 60% will be appropriate to maintain target gearing.

Research & Development, SG&A

Research and development expenses increased by 25% over the prior year to NZ$35.3 million, representing 7.0% of operating revenue. The company continued to expand its product and process research and development activities and current new product projects include flow generators, masks and additional respiratory care consumables. For the 2010 financial year the company has included in other income an additional R&D tax credit of NZ$1.0 million, relating to R&D expenditure in the 2009 financial year.

Selling, general and administrative (SG&A) expenses grew 16% to NZ$137.5 million, or 23% in constant currency terms. During the year, the company established new distribution and clinical sales support centres in Japan, Canada and Taiwan and continued to expand its operations and its sales teams in North America, Europe, Asia/Pacific and South America.

Capacity Expansion

During the year, the company invested NZ$48 million of capital expenditure. Approximately NZ$27 million was invested in New Zealand. This included equipment for increased manufacturing capacity, new product tooling, replacement equipment and the initial site works for a new 31,000m^2 building, which will provide increased office, research and development, laboratory, manufacturing and warehouse space.

The company has invested approximately NZ$20 million establishing a manufacturing facility in Tijuana, Mexico that will primarily accommodate increased manufacturing capacity for the company's more established, high volume consumable devices.

Foreign Exchange Hedging

To protect the company from exchange rate volatility, the company has in place a mix of foreign exchange contracts and collar options, up to five years forward, with a face value of approximately NZ$550 million. For the remainder of the 2011 financial year, the company has in place approximately 67% cover for the US dollar and approximately 70% cover for the Euro at average rates of approximately 0.60 US dollars and 0.45 Euros to the New Zealand dollar.

During the year the company monetised (closed out) US$66 million of forward exchange contracts with maturity dates in the 2012, 2013 and 2014 financial years with a cash benefit of NZ$32 million being realised and applied to reduce bank debt.

Outlook

"Over the year we will be introducing our new ICON flow generator range into Europe, North America and the remainder of our international markets. We will also be expanding our R&D activities, our sales and distribution teams and our New Zealand and Mexico manufacturing capacity." concluded Mr Daniell.

For the 2011 financial year the company expects to continue to achieve strong revenue growth and estimates that, at an average NZD:USD spot exchange rate for the year of 0.67, it will achieve operating revenue of approximately NZ$560 million and profit after tax of approximately NZ$70 million to NZ$75 million.

Financial Statements and Commentary

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

The company's financial statements for the year ended 31 March 2010 and the comparative financial information for the year ended 31 March 2009 have been prepared under the New Zealand equivalents to International Financial Reporting Standards (NZ IFRS).

Full Year Results Conference Call

Fisher & Paykel Healthcare will host a conference call today to review the results and to discuss the outlook for the 2011 financial year. The conference call is scheduled to begin at 10:00am NZST, 8:00am AEST (6:00pm USEDT) and will be broadcast simultaneously over the Internet.

To listen to the webcast, access the company's website at www.fphcare.com. Please allow extra time prior to the webcast to visit the site and download the streaming media software if required. An online archive of the event will be available approximately two hours after the webcast and will remain on the site for two weeks.

To attend the conference call, participants should dial in to one of the numbers below at least 5 minutes prior to the scheduled call time and identify themselves to the operator. When prompted, please quote the conference code of: **72611585**.

New Zealand Toll Free	0800 446 041	USA Toll Free	1866 242 1388
Australia Toll Free	1800 701 269	Hong Kong Toll Free	800 968831
United Kingdom Toll Free	0808 234 7860	International	+61 2 8823 6760

Conference Call Audio Replay

An audio replay of the conference call will be available approximately 2 hours after the call and will be accessible for two weeks by dialing one of the numbers below. When prompted please enter the conference code of: **72611585**.

New Zealand Toll Free	0800 445 136	USA Toll Free	1866 214 5335
Australia Toll Free	1800 766 700	Hong Kong Toll Free	800 901596
United Kingdom Toll Free	0800 731 7846	International	+61 2 8235 5000

About Fisher & Paykel Healthcare

Fisher & Paykel Healthcare is a leading designer, manufacturer and marketer of products and systems for use in respiratory care, acute care and the treatment of obstructive sleep apnea. The company's products are sold in over 120 countries worldwide. For more information about the company visit www.fphcare.com

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

FISHER & PAYKEL HEALTHCARE CORPORATION LIMITED
AND SUBSIDIARIES

Condensed Income Statements

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

	Year Ended 31 March		
	2010	**2009**	***% Change***
Operating revenue	503,322	458,717	*+9.7%*
Cost of sales	(231,939)	(212,087)	*+9.4%*
Gross profit	271,383	246,630	*+10.0%*
Gross margin	*53.9%*	*53.8%*	
Other income	4,269	3,000	
Selling, general and administrative expenses	(137,541)	(118,929)	*+15.6%*
Research and development expenses	(35,272)	(28,310)	*+24.6%*
Operating profit before financing costs	102,839	102,391	*+0.4%*
Operating margin	*20.4%*	*22.3%*	
Financing income	657	1,263	*-48.0%*
Financing expense	(6,444)	(8,777)	*-26.6%*
Exchange gain (loss) on foreign currency borrowings	9,763	(9,839)	*-199.2%*
Net financing income (expense)	3,976	(17,353)	
Profit before tax	106,815	85,038	*+25.6%*
Tax expense	(35,184)	(22,805)	*+54.3%*
Profit after tax	71,631	62,233	*+15.1%*
Basic earnings per share	14.0 cps	12.2 cps	
Diluted earnings per share	13.5 cps	11.8 cps	
Weighted average basic shares outstanding	511,251,159	509,492,237	
Weighted average diluted shares outstanding	529,793,292	527,363,056	

FISHER & PAYKEL HEALTHCARE CORPORATION LIMITED
AND SUBSIDIARIES

Operating Revenue
(In thousands of dollars)

Year Ended 31 March

	NZ dollars			US dollars		
	2010	**2009**	***% Change***	**2010**	**2009**	***% Change***
Respiratory and acute care products	242,419	226,866	*+6.9%*	164,743	148,673	*+10.8%*
OSA products	237,012	202,604	*+17.0%*	160,823	131,485	*+22.3%*
Core products sub-total	479,431	429,470	*+11.6%*	325,566	280,158	*+16.2%*
Distributed and other products	23,891	29,247	*-18.3%*	15,937	19,109	*-16.6%*
Total	$503,322	$458,717	*+9.7%*	$341,503	$299,267	*+14.1%*

Condensed Balance Sheets
(In thousands of NZ dollars)

	As at 31 March	
	2010	**2009**
Cash and cash equivalents	6,891	5,465
Trade and other receivables	71,437	80,996
Inventories	71,763	69,946
Other current assets	29,974	16,268
Total current assets	180,065	172,675
Property, plant and equipment	233,278	204,558
Other assets	61,716	36,504
Total assets	475,059	413,737
Current liabilities	97,812	93,854
Non-current liabilities	84,083	115,582
Shareholders’ equity	293,164	204,301
Total liabilities and shareholders’ equity	475,059	413,737

FISHER & PAYKEL HEALTHCARE CORPORATION LIMITED AND SUBSIDIARIES

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

	Year Ended 31 March	
	2010	2009
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers	514,649	456,418
Receipts from derivative financial instruments monetised	31,813	-
Receipt from distribution agency termination agreement compensation	3,221	-
Interest received	571	1,163
Payments to suppliers and employees	(383,144)	(363,436)
Taxation paid	(23,332)	(22,818)
Interest paid	(6,329)	(9,262)
Net cash flow from operations	137,449	62,065
CASH FLOWS (USED IN) INVESTING ACTIVITIES		
Net purchase of property, plant and equipment	(45,682)	(20,362)
Purchase of intangible assets	(2,507)	(2,006)
Net cash flow (used in) investing activities	(48,189)	(22,368)
CASH FLOWS (USED IN) FINANCING ACTIVITIES		
Employee share purchase schemes	498	605
Net issue (repurchase) of share capital	6,985	186
Borrowings, net	(29,664)	28,390
Dividends paid	(68,094)	(66,302)
Net cash flow (used in) financing activities	(90,275)	(37,121)
Net increase (decrease) in cash	(1,015)	2,576
Opening cash	(202)	(3,294)
Effect of foreign exchange rates	94	516
Closing cash	(1,123)	(202)
RECONCILIATION OF CLOSING CASH		
Cash and cash equivalents	6,891	5,465
Bank overdrafts	(8,014)	(5,667)
Closing cash	(1,123)	(202)

FISHER & PAYKEL HEALTHCARE CORPORATION LIMITED
AND SUBSIDIARIES

Condensed Income Statements

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

	Year Ended 31 March		
	2010	**2009**	***% Change***
Operating revenue	341,503	299,267	*+14.1%*
Cost of sales	(157,370)	(138,366)	*+13.7%*
Gross profit	184,133	160,901	*+14.4%*
Gross margin	*53.9%*	*53.8%*	
Other income	2,897	1,957	
Selling, general and administrative expenses	(93,322)	(77,589)	*+20.3%*
Research and development expenses	(23,932)	(18,469)	*+29.6%*
Operating profit before financing costs	69,776	66,800	*+4.5%*
Operating margin	*20.4%*	*22.3%*	
Financing income	446	824	*-45.9%*
Financing expense	(4,372)	(5,726)	*-23.6%*
Exchange gain (loss) on foreign currency borrowings	6,624	(6,419)	*-203.2%*
Net financing income (expense)	2,698	(11,321)	
Profit before tax	72,474	55,479	*+30.6%*
Tax expense	(23,872)	(14,878)	*+60.5%*
Profit after tax	48,602	40,601	*+19.7%*
Basic earnings per share	9.5 cps	8.0 cps	
Diluted earnings per share	9.2 cps	7.7 cps	
Weighted average basic shares outstanding	511,251,159	509,492,237	
Weighted average diluted shares outstanding	529,793,292	527,363,056	

Full Year Results Commentary

Net profit was NZ$71.6 million for the year ended 31 March 2010, an increase of 15% compared to the prior year. Strong growth in both the obstructive sleep apnea (OSA) and respiratory and acute care product groups, as well as favourable foreign exchange hedging results, contributed to the result.

The company's financial statements for the year ended 31 March 2010 and the comparative financial information for the year ended 31 March 2009 have been prepared under the New Zealand Equivalents to International Financial Reporting Standards (NZ IFRS).

Operating revenue increased by 10%, or 14% in US dollar terms, and EBIT increased by 0% to NZ$102.8 million over the prior year. EBIT margin decreased to 20.4% for the year. Constant currency operating revenue growth was 12% compared to the prior year.

The Directors have approved a final dividend of NZD 7.0 cents per ordinary share carrying a full imputation credit of 3.0 cents per share (100% imputed based on a 30% tax rate). Non-resident shareholders will receive a supplementary dividend of NZD 1.2353 cents per share. The final dividend will be paid on 9 July 2010, with a record date of 25 June 2010 and an ex-dividend date of 21 June 2010 for the ASX and 28 June 2010 for the NZX.

The Directors have maintained the dividend payment for the year at 12.4 cps being 5.4 cps interim and 7.0 cps final on the basis that the Company's underlying earnings and cashflow continue to be strong. The Company offers shareholders the opportunity to receive ordinary shares rather than cash under the Dividend Reinvestment Plan. The Directors have introduced a discount on the DRP of 3% to encourage shareholders to take up the offer as part of the Company's plan to build shareholders' funds.

The Directors have reviewed the Company's capital structure and intend to progressively increase shareholders' funds, to ensure that the Company has capacity to continue to implement its foreign currency hedging policy as the Company grows.

A target debt to debt plus equity ratio of 5% to 15% (excluding unrealised financial instrument gains or losses) has been established. The company expects that, subject to earnings performance, the dividend will be maintained in real terms until such time as the target capital structure is achieved. Longer term, the directors expect that a dividend payout ratio of greater than 60% will be appropriate to maintain target gearing.

HISTORICAL FINANCIAL PERFORMANCE

Year ended 31 March 2010 compared to year ended 31 March 2009

The following table sets forth the consolidated statement of financial performance for the years ended 31 March 2010 and 2009:

	Financial year ended 31 March			
	2010	2009	2010	2009
	NZ$millions	NZ$millions	US$millions	US$millions
Operating revenue	503.322	458.717	341.503	299.267
Cost of sales	231.939	212.087	157.370	138.366
Gross profit	271.383	246.630	184.133	160.901
Gross margin	**53.9%**	**53.8%**	**53.9%**	**53.8%**
Other income	4.269	3.000	2.897	1.957
Selling, general and administrative expenses	137.541	118.929	93.322	77.589
Research and development expenses	35.272	28.310	23.932	18.469
Operating profit before financing costs	102.839	102.391	69.776	66.800
Operating margin	**20.4%**	**22.3%**	**20.4%**	**22.3%**
Net financing income (expense)	3.976	(17.353)	2.698	(11.321)
Profit before tax	106.815	85.038	72.474	55.479
Tax expense	35.184	22.805	23.872	14.878
Profit after tax	$71.631	$62.233	$48.602	$40.601

Operating revenue

Operating revenue increased by 10% to NZ$503.322 million for the financial year ended 31 March 2010 from NZ$458.717 million for the financial year ended 31 March 2009.

The increase was principally due to increased sales volume from our core products respiratory and acute care and OSA during the financial year, although impacted by an increase in the average value of the New Zealand dollar against the US dollar, Euro and British pound compared to the prior year.

Operating revenue was increased by approximately NZ$28.567 million due to our foreign exchange hedging when compared to the average spot rates for the financial year ended 31 March 2010. The reduction in operating revenue was approximately NZ$26.799 million for the financial year ended 31 March 2009.

Operating revenue was further impacted by the translation of foreign exchange trade receivables in our offshore offices. Operating revenue for the financial year ended 31 March 2010 was reduced by approximately NZ$12.127 million. The benefit to operating revenue was approximately NZ$13.480 million for the financial year ended 31 March 2009.

The following table sets forth operating revenue by product group for the financial years ended 31 March 2010 and 2009:

	Financial year ended 31 March					
	2010 NZ$millions	2009* NZ$millions	Percentage variation	2010 US$millions	2009* US$millions	Percentage Variation
Respiratory and acute care products	242.419	226.866	+6.9%	164.743	148.673	+10.8%
OSA products	237.012	202.604	+17.0%	160.823	131.485	+22.3%
Core products sub-total	479.431	429.470	+11.6%	325.566	280.158	+16.2%
Distributed and other products	23.891	29.247	-18.3%	15.937	19.109	-16.6%
Total	$503.322	$458.717	+9.7%	$341.503	$299.267	+14.1%

* Revenue figures for 2009 have been adjusted to reflect the movement of Infant Warmer revenue from respiratory and acute care products to distributed and other products as previously disclosed.

Growth in demand for our respiratory humidification systems accelerated in the second half as expected. This resulted in total operating revenue of NZ$242.419 million for the respiratory and acute care product group, being growth of 11% in US dollars, 7% in NZ dollars, or 8% in constant currency terms compared with last year.

Expansion of the application of products and technologies to the care of patients beyond the traditional invasive ventilation market continued, with an increasing proportion of consumables revenue coming from devices used in non-invasive ventilation, oxygen therapy, humidity therapy and laparoscopic surgery. In total, these new applications represented 27% of respiratory and acute care consumables revenue for the year ended 31 March 2010.

In the respiratory and acute care group, underlying average sell prices again remained largely stable, supported by some modest average selling price increases.

In our OSA product group, operating revenue growth was 22% to US$160.823 million and 17% to NZ$237.012 million. Revenue increased 17% in constant currency terms, as we gained market share with our premium flow generators and masks.

The new ICON flow generator platform was introduced late in the second half to the New Zealand and Australian markets with very positive feedback from dealers and users. ICON introduction will soon commence in Europe, with introduction into North America to follow. In parallel with the rollout of ICON, a comprehensive compliance monitoring range will also be introduced, which includes our SmartStick Net web based application.

The Airvo humidity therapy product line for chronic respiratory patients has continued to be introduced into our international markets. Response so far has been encouraging.

Distributed and other products operating revenue declined 18% to NZ$23.891 million as expected, due to the transfer of distribution of Medela products in Australia to Medela and the cessation of sales of Warmers in North America.

Sales of respiratory and acute care products represented 48% and 49% of operating revenue for the financial years ended 31 March 2010 and 2009 respectively. Sales of OSA products represented 47% and 44% of operating revenue for the financial years ended 31 March 2010 and 2009 respectively. Sales of consumable and accessory products for core products accounted for approximately 75% of operating revenue for the financial years ended 31 March 2010 and 2009.

The following table sets forth our operating revenue for each of the primary regional markets for the financial years ended 31 March 2010 and 2009:

	Financial year ended 31 March			
	2010	2009	2010	2009
	NZ$millions	NZ$millions	US$millions	US$millions
North America	234.035	208.861	158.822	136.402
Europe	161.723	151.907	109.749	98.677
Asia Pacific	81.404	71.787	55.177	47.172
Other	26.160	26.162	17.755	17.016
Total	$503.322	$458.717	$341.503	$299.267

In the financial year ended 31 March 2010, 57% of operating revenue was denominated in US dollars. We make a significant proportion of US dollar sales to customers outside the United States. Euros, Australian dollars and British pounds represented approximately 23%, 6% and 4% of operating revenue respectively in the past financial year.

Expenses

Expenses consist of cost of sales, research and development, and selling, general and administrative expenses.

Cost of sales consists of manufacturing costs (primarily raw materials and labour), costs of distributed products, an allocation of the overhead costs of the New Zealand facility and freight costs.

Research and development expenses consist primarily of staff payroll and benefits, an allocation of the overhead costs of the New Zealand facility, costs of materials and clinical study costs.

Research and development activities are primarily conducted in New Zealand. Research and development expenses totalled NZ$35.272 million for the year ended 31 March 2010 compared to NZ$28.310 million in the previous financial year. The increase was attributable to increases in research and development personnel in connection with the continuing expansion of product and process development activities for the respiratory and acute care and OSA product groups. Research and development expenses represented 7.0% of operating revenue for the financial year ended 31 March 2010.

Research and development expenses are expected to continue to grow due to a broadening of our product range and the application of our products.

Selling, general and administrative expenses consist primarily of staff payroll and benefits, travel expenses, marketing and promotional material. Selling, general and administrative expenses increased by 16% to NZ$137.541 million in the financial year ended 31 March 2010 compared to NZ$118.929 million in the previous financial year. This increase was primarily attributable to an increase in global personnel to support our growing international sales and marketing activities. In particular increases in activity in Japan and Mexico have contributed to the increase this year. Excluding the effects of currency translations, selling, general and administrative expenses have increased by 23% in the financial year ended 31 March 2010.

Gross Profit

Gross profit increased to NZ$271.383 million, or 53.9% of operating revenue, in the financial year ended 31 March 2010 from NZ$246.630 million, or 53.8% of operating revenue, in the financial year ended 31 March 2009. Gross profit increased due to underlying business growth. Gross margin percentage also increased due to the level of the NZ dollar versus the US dollar, with underlying margin reflecting some selling price reductions in OSA, customer mix in respiratory and acute care, some input cost increases but decreases in freight cost as more product was shipped by sea freight.

Excluding the effects of currency translations, cost of sales increased by 8% in the financial year ended 31 March 2010, slightly lower than revenue growth.

The net benefit before tax of approximately NZ$28.675 million (2009: NZ$26.176 million detriment) for the current year from hedging was made up of approximately NZ$28.567 million (2009: NZ$26.799 million detriment) related to operating revenue assisted by approximately NZ$0.108 million (2009: NZ$0.623 million offset) related to purchases of goods and services.

Operating profit

Operating profit increased by 0.4% to NZ$102.839 million in the financial year ended 31 March 2010 from NZ$102.391 million in the financial year ended 31 March 2009.

Operating profit increased by 4.5% to US$69.779 million in the financial year ended 31 March 2010 from US$66.800 million in the financial year ended 31 March 2009.

Foreign Currency Impacts

The reported results for the year ended 31 March 2010 have been impacted by significant movements in the value of the New Zealand dollar when compared to the results for the year ended 31 March 2009. These impacts manifest themselves through our hedging program, normal transactional activities and on translations of assets and liabilities denominated in foreign currency.

The foreign currency rates of our main exposures used for the years ended 31 March 2010 and 2009 are denoted in the table below:

	31 March 2010 (closing balance sheet rate)	31 March 2009 (opening balance sheet rate)	Year Ended 31 March 2010 (average daily exchange rate)	Year Ended 31 March 2009 (average daily exchange rate)
USD	0.7106	0.5595	0.6785	0.6524
EUR	0.5260	0.4222	0.4796	0.4552
GBP	0.4680	0.3906	0.4248	0.3773
AUD	0.7749	0.8093	0.7970	0.8216
CAD	0.7215	0.7051	0.7377	0.7220
JPY	66.41	55.37	62.84	66.21
SEK	5.1295	4.6140	4.9675	4.5255
CNY	4.8500	3.8230	4.6374	4.4738

The table highlights that in relation to the two most significant foreign currency exposures to the business, US dollars and Euros, there was a significant decline in their value against the NZ dollar - in the case of the US dollar 27% and the Euro 25%. These changes in value relative to the NZ dollar have had a significant impact on the translation of net foreign currency assets and liabilities from the beginning to the end of the financial year, which impacts the Income Statement. There has also been a negative impact on earnings in the Income Statement as the average transactional rates of foreign currency have also been unfavourable compared to the year ended 31 March 2009 - in the case of the US dollar an unfavourable movement of approximately 4%.

The impact of balance sheet translations of offshore assets and liabilities and foreign currency hedging for the year ended 31 March 2010 and 2009 are detailed in the following table:

	2010			2009		
	Balance Sheet Translation of Offshore Assets & Liabilities	**Foreign Currency Hedge Results**	**Total Impact**	**Balance Sheet Translation of Offshore Assets & Liabilities**	**Foreign Currency Hedge Results**	**Total Impact**
	(all NZ$ millions)			**(all NZ$ millions)**		
Total Operating Revenue	(12.127)	28.567	16.440	13.480	(26.799)	(13.319)
Gross profit	(16.135)	28.675	12.540	18.421	(26.176)	(7.755)
Operating profit before financing costs	(13.909)	28.675	14.766	16.143	(26.176)	(10.033)
Net financing income (expenses)	8.164	-	8.164	(9.187)	-	(9.187)
Profit before tax	(5.745)	28.675	22.930	6.956	(26.176)	(19.220)
Tax expense	0.781	8.603	9.384	(0.699)	(7.853)	(8.552)
Profit after tax	(6.526)	20.072	13.546	7.655	(18.323)	(10.668)

Liquidity and capital resources

As at 31 March 2010 we had NZ$6.891 million in cash and cash equivalents and NZ$84.112 million of interest bearing liabilities. Our drawn borrowings are held primarily in New Zealand and in the United States in New Zealand dollars and US dollars respectively. We had in place credit facilities that permit us to borrow up to a total of the equivalent of NZ$186.044 million, denominated primarily in NZ dollars, US dollars and Euros.

Net cash generated from operating activities totalled NZ$137.449 million for the financial year ended 31 March 2010. Operating cashflow was higher than the prior year as a result of the monetisation of US$66 million of forward exchange contracts which resulted in a cash benefit of NZ$32 million before tax being realised and applied to reduce bank debt. In addition we experienced more favourable foreign currency hedging than experienced in the prior year and underlying business growth partially offset by less favourable average foreign currency rates.

The Company's capital expenditures totalled NZ$48.256 million for the financial year ended 31 March 2010. The majority of other expenditures related to the purchase of production tooling and equipment, computer equipment and software and patents. Of this capital expenditure NZ$19.892 million related to the Mexico manufacturing facility.

Net cash used in financing activities was NZ$90.275 million for the financial year ended 31 March 2010. The monetisation of forward exchange contracts allowed the Company to repay NZ$29.664 million of borrowings which along with the payment of our final dividend for the prior financial year and interim dividend for the current financial year were the main contributors to the significant outflow of funds. The DRP resulted in NZ$5.895 million being re-invested in new shares during the financial year. The DRP was introduced for the final dividend for the 2009 financial year.