

News Release

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

FISHER & PAYKEL HEALTHCARE REPORTS RECORD HALF YEAR REVENUE

Auckland, New Zealand, 1 November 2006 - Fisher & Paykel Healthcare Corporation Limited (NZSX:FPH, ASX:FPH) today reported record trading revenue of NZ\$173.2 million for the six months ended 30 September 2006, up 28% against the prior comparable period.

Operating profit was 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 prior comparable period. Profit after tax for the six months was NZ\$29.7 million.

Chief Executive Officer, Michael Daniell said that trading revenue growth was achieved through increased activities in international markets and continued strong sales growth in each of the company's obstructive sleep apnea (OSA), respiratory humidification and neonatal product groups.

During the six months the company derived its trading revenue in a variety of currencies with US dollars contributing 62%, Euros 20%, Australian dollars 7%, UK pounds 6%, and NZ dollars 1%. After allowing for exchange rate movements and hedging gains the company estimates that trading revenue grew 22% in constant currency terms.

Dividend

The company's 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.

Trading Revenue

OSA product group trading revenue increased by 33%, respiratory humidification trading revenue increased by 24% and neonatal trading revenue increased by 29% compared with the same period last year.

"We are continuing to gain share within the rapidly growing OSA treatment market and are encouraged by the 28% constant currency growth we achieved for combined mask and flow generator revenue.

Constant currency trading revenue growth of 23% in our respiratory humidification product group was driven by strong demand for our humidifier controllers and continuing market share gains by adult and neonatal breathing circuits," commented Mr Daniell.

Trading revenue growth in the neonatal product group was driven by increasing demand for the company's neonatal breathing devices, which include infant oxygen therapy systems and infant resuscitators.

Research & Development, SG&A

Research and development expenses increased 13% to NZ\$9.5 million, representing 5.5% of trading revenue for the six months ended 30 September 2006. The company continues to expand its research and development activities and current new product projects include additional breathing system consumables, flow generators and masks.

Selling, general and administrative expenses grew 20% to NZ\$47.9 million as the company continued to expand its operations and its sales teams in North America, Europe and Asia.

Outlook

“Our performance for the six months to 30 September 2006, coupled with a growing contribution from recently introduced new products gives us confidence that we will achieve stronger performance for the full year than indicated by our initial 2007 operating profit and exchange rate sensitivity guidance.

For the remainder of the financial year we expect a continuation of strong underlying revenue growth across our product groups and international markets. If average spot exchange rates are similar to those experienced in the first half, we expect to achieve an operating profit of approximately NZ\$98 million for the full year.” said Mr Daniell.

Financial Statements and Commentary

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

Half Year Results Conference Call

Fisher & Paykel Healthcare will host a conference call to review the results and to discuss the outlook for the remainder of the 2007 financial year. The conference call is scheduled to begin today at 10:00am NZDT, 8:00am AEDT (4:00pm USEST, Tuesday 31 October 2006) 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 required. An online archive of the event will be available approximately two hours after the webcast and will remain onsite for two weeks.

To participate in the conference call please dial in to one of the numbers below a few minutes prior to the scheduled call time and identify yourself to the operator:

New Zealand Toll Free	: 0800 449 118
Australia Toll Free	: 1800 009 696
USA Toll Free	: 1866 369 4113
International	: +61 3 9221 4420

An audio replay of the conference call will be available approximately 60 minutes after the call and will be accessible for two weeks at +61 3 9221 4752, access code 000897.

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 neonatal care products. The company’s products are sold in over 110 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 Statements of Financial Performance
(In thousands of NZ dollars, except per share data)**

	Six Months Ended 30 September		
	2006	2005	% Change
Trading revenue	\$173,223	\$135,438	+28%
Hedging gains (1)	2,494	19,558	-87%
Total operating revenue	175,717	154,996	+13%
Cost of sales	72,321	59,363	+22%
Gross profit	103,396	95,633	+8%
Gross margin on trading revenue	59.7%	70.6%	
Operating expenses:			
Selling, general and administrative	47,875	39,899	+20%
Research and development	9,458	8,345	+13%
Total operating expenses	57,333	48,244	+19%
Operating profit	46,063	47,389	-3%
Operating margin on trading revenue	26.6%	35.0%	
Other income (expenses), net:			
Interest income	448	782	-43%
Interest expense	(1,240)	(499)	+148%
Total other income, net	(792)	283	
Profit before taxation	45,271	47,672	-5%
Taxation	(15,565)	(16,083)	-3%
Profit after taxation	\$29,706	\$31,589	-6%
Basic earnings per share	5.8 cps	6.2 cps	
Diluted earnings per share	5.7 cps	6.0 cps	
Weighted average basic shares outstanding	510,501,016	507,810,153	
Weighted average diluted shares outstanding	523,732,382	524,482,177	

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

Trading Revenue
(In thousands of NZ dollars)

	Six Months Ended 30 September		
	2006	2005	% Change
Respiratory humidification products	\$75,999	\$61,378	+24%
OSA products	79,090	59,312	+33%
Neonatal care products	13,715	10,648	+29%
Core products sub-total	168,804	131,338	+29%
Distributed products	4,419	4,100	+8%
Total	\$173,223	\$135,438	+28%

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

	As at 30 September	
	2006	2005
Cash and bank	\$4,361	\$20,204
Short-term investments	-	4,000
Debtors and prepayments	63,003	52,458
Inventories	41,054	31,435
Other current assets	4,027	1,644
Total current assets	112,445	109,741
Property, plant and equipment	138,993	102,589
Other assets	13,986	18,544
Total assets	\$265,424	\$230,874
Current liabilities	\$69,028	\$38,349
Long-term liabilities	1,120	935
Shareholders' equity	195,276	191,590
Total liabilities and shareholders' equity	\$265,424	\$230,874

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

**Six Months Ended
30 September**

	2006	2005
Cashflow from Operating Activities:		
Receipts from customers	\$167,395	\$155,706
Payments to suppliers and employees	(130,840)	(98,308)
Interest paid	(1,181)	(82)
Interest received	414	715
Dividends received	-	3
Tax paid	(12,582)	(10,531)
Net cashflow from operations	23,206	47,503
Cashflow (used in) Investing Activities:		
Net purchase of property, plant and equipment	(18,001)	(25,730)
Patent and trademark registration costs	(582)	(626)
Net sale of short-term investments	11,874	9,803
Net cashflow (used in) investing	(6,709)	(16,553)
Cashflow (used in) Financing Activities:		
Employee share purchase repayments	201	181
Net issue (repurchase) of share capital	337	(3,766)
Net drawdown of borrowings	8,100	2,138
Dividends paid	(38,932)	(32,071)
Net cashflow (used in) financing	(30,294)	(33,518)
Net (decrease) in cash	(13,797)	(2,568)
Opening cash	11,048	16,816
Effect of foreign exchange rates	(25)	281
Closing cash	\$(2,774)	\$14,529
Reconciliation of Closing Cash		
Cash and bank	\$4,361	\$20,204
Bank overdrafts	(7,135)	(5,675)
Closing cash	\$(2,774)	\$14,529

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

	Six Months Ended 30 September		
	2006	2005	% Change
Trading revenue	\$109,442	\$95,037	+15%
Hedging gains (1)	1,576	13,724	-89%
Total operating revenue	111,018	108,761	+2%
Cost of sales	45,692	41,655	+10%
Gross profit	65,326	67,106	-3%
Gross margin on trading revenue	59.7%	70.6%	
Operating expenses:			
Selling, general and administrative	30,247	27,997	+8%
Research and development	5,976	5,856	+2%
Total operating expenses	36,223	33,853	+7%
Operating profit	29,103	33,253	-12%
Operating margin on trading revenue	26.6%	35.0%	
Other income (expenses), net:			
Interest income	283	549	-48%
Interest expense	(783)	(350)	+124%
Total other income, net	(500)	199	
Profit before taxation	28,603	33,452	-14%
Taxation	(9,834)	(11,285)	-13%
Profit after taxation	\$18,769	\$22,167	-15%
Basic earnings per share	3.7 cps	4.4 cps	
Diluted earnings per share	3.6 cps	4.2 cps	
Weighted average basic shares outstanding	510,501,016	507,810,153	
Weighted average diluted shares outstanding	523,732,382	524,482,177	

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

Trading Revenue
(In thousands of US dollars)

	Six Months Ended 30 September		
	2006	2005	% Change
Respiratory humidification products	\$48,056	\$43,079	+12%
OSA products	49,941	41,613	+20%
Neonatal care products	8,659	7,470	+16%
Core products sub-total	106,656	92,162	+16%
Distributed products	2,786	2,875	-3%
Total	\$109,442	\$95,037	+15%

Condensed Statements of Financial Position
(In thousands of US dollars)

	As at 30 September	
	2006	2005
Cash and bank	\$2,846	\$13,993
Short-term investments	-	2,770
Debtors and prepayments	41,110	36,332
Inventories	26,788	21,772
Other current assets	2,627	1,139
Total current assets	73,371	76,006
Property, plant and equipment	90,693	71,053
Other assets	9,126	12,844
Total assets	\$173,190	\$159,903
Current liabilities	\$45,042	\$26,561
Long-term liabilities	731	647
Shareholders' equity	127,417	132,695
Total liabilities and shareholders' equity	\$173,190	\$159,903

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

	Six Months Ended 30 September	
	2006	2005
Cashflow from Operating Activities:		
Receipts from customers	\$105,760	\$109,259
Payments to suppliers and employees	(82,671)	(68,985)
Interest paid	(746)	(58)
Interest received	262	502
Dividends received	-	2
Tax paid	(7,949)	(7,390)
Net cashflow from operations	14,656	33,330
Cashflow (used in) Investing Activities:		
Net purchase of property, plant and equipment	(11,373)	(18,055)
Patent and trademark registration costs	(368)	(439)
Net sale of short-term investments	7,502	6,879
Net cashflow (used in) investing	(4,239)	(11,615)
Cashflow (used in) Financing Activities:		
Employee share purchase repayments	127	127
Net issue (repurchase) of share capital	213	(2,642)
Net drawdown of borrowings	5,118	1,501
Dividends paid	(24,597)	(22,504)
Net cashflow (used in) financing	(19,139)	(23,518)
Net (decrease) in cash	(8,722)	(1,803)
Opening cash	6,758	11,908
Effect of foreign exchange rates	154	(43)
Closing cash	\$(1,810)	\$10,062
Reconciliation of Closing Cash		
Cash and bank	\$2,846	\$13,993
Bank overdrafts	(4,656)	(3,931)
Closing cash	\$(1,810)	\$10,062

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