

News Release

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

FISHER & PAYKEL HEALTHCARE REPORTS RECORD FULL YEAR REVENUE AND OPERATING PROFIT

Auckland, New Zealand, 18 May 2005 - Fisher & Paykel Healthcare Corporation Limited (NZSX:FPH, ASX:FPH) today announced record revenue for the year ended 31 March 2005 and a 14% increase in operating profit to NZ\$89.7 million.

Revenue growth of 12% to NZ\$240.6 million for the year was achieved through ongoing growth in the company's expanding product range and its increasing activities in international markets. Profit after tax increased 12% to NZ\$61.4 million compared with NZ\$54.7 million in the prior year.

Over the year the company derived approximately 61% of its revenue in US dollars. In US dollar terms, total revenue increased by 23% and operating profit increased by 25% compared with the prior year. Operating margin increased to 37.3% compared with 36.8% for the prior year.

Chief Executive Officer, Michael Daniell said that new products introduced during the year in each of the company's obstructive sleep apnea (OSA), respiratory humidification and neonatal categories helped generate the revenue and earnings growth.

"These new products, along with our established ranges in each of our core product groups, have helped us increase market share and we continue to invest in the research and development that will lead to further new products in the coming year."

Dividend

The company's directors have approved an increased final dividend for the financial year ended 31 March 2005 of NZD 5.8 cents per ordinary share, carrying full imputation credit. This dividend is equivalent to NZD 29 cents per share prior to the five for one subdivision in October 2004. Non-resident shareholders will receive a supplementary dividend of NZD 1.024 cents per share. The final dividend will be paid on 17 June 2005, with a record date of 7 June, and an ex-dividend date of 1 June for the ASX and 8 June for the NZSX.

Revenue Growth

Operating revenue for the company's core product range grew 24%, in US dollar terms, over the prior year. This increase was driven by strong growth in sales of devices for the treatment of obstructive sleep apnea, respiratory humidification systems and neonatal and warming products. OSA revenue increased by 34%, respiratory humidification revenue increased by 16%, and neonatal and warming revenue increased by 31% in US dollar terms.

"We are continuing to gain share in the rapidly growing OSA market. Robust OSA product group growth was driven by combined revenue growth of approximately 70%, in US dollar terms, in nasal masks and CPAP flow generators. Our broad range of mask categories has been very well accepted by both dealers and end users.

Revenue growth in our respiratory humidification product group was driven by increased penetration of our MR850 respiratory humidifier technology and strong market share gains in both adult and neonatal breathing circuits," commented Mr Daniell.

Strong growth in the neonatal and warming product group was from both neonatal warmers and neonatal breathing systems, which include the company's infant CPAP system and infant resuscitator.

Research & Development, SG&A

Research and development expenses increased by 15% to NZ\$16.2 million or 6.7% of revenue for the twelve months ended 31 March 2005. This was largely due to increased product development activity and the number of new products released during the year.

Selling, general and administrative expenses grew 14% to NZ\$67.4 million, or approximately 18% in constant currency terms, as the company continued to expand its operations and its sales teams in North America, Europe and Asia.

Foreign Exchange Hedging

The company has in place a mix of foreign exchange contracts and call options with a face value of approximately NZ\$189 million, the majority of which are for the year ending 31 March 2006. These instruments are at average exchange rates of approximately 0.43 US dollars and 0.46 Euros to the New Zealand dollar and are to protect the company from exchange rate volatility.

Outlook

“We expect our growth to continue to be driven by an increasing range of innovative products, opportunities to serve additional patient populations and international expansion.

To ensure we can meet growing demand for our products we have begun construction of a 23,300m² building in addition to the existing 28,000m² facility on our Auckland site. This approximately NZ\$60m investment will accommodate additional manufacturing and R&D capacity on completion in mid 2006,” said Mr. Daniell.

“For the current financial year we expect a continuation of strong underlying revenue growth similar to the 2005 financial year. We expect revenue for the current year to be in the range of US\$190 to US\$195 million and operating margin percentage to be in the mid thirties.”

Financial Statements

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

Full Year Results Conference Call

Fisher & Paykel Healthcare will host a conference call to review the results and to discuss the outlook for the 2006 financial year. The conference call is scheduled to begin at 10:00am NZST, 8:00am AEST (6:00pm US EDT, Tues 17 May) 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 approximately 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 555 619
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 034357.

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. 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)**

	Twelve Months Ended 31 March	
	2005	2004
Operating revenue	\$240,566	\$214,865
Cost of sales	67,243	62,590
Gross profit	173,323	152,275
Operating expenses:		
Selling, general and administrative	67,382	59,145
Research and development	16,196	14,115
Total operating expenses	83,578	73,260
Operating profit	89,745	79,015
Other income (expenses), net:		
Interest income (expense), net	1,247	1,920
Other income	570	-
Total other income, net	1,817	1,920
Profit before taxation	91,562	80,935
Taxation	(30,157)	(26,236)
Profit after taxation	\$61,405	\$54,699
Basic earnings per share	12.1 cps	10.7 cps
Diluted earnings per share	11.7 cps	10.4 cps
Weighted average basic shares outstanding	508,686,610	512,119,710
Weighted average diluted shares outstanding	523,841,480	524,113,140

- (i) Note that shares outstanding, and therefore earnings per share, has been adjusted to allow for the 5 for 1 share subdivision on 1 October 2004.

Operating Revenue
(In thousands of NZ dollars)

	Twelve Months Ended 31 March	
	2005	2004
Respiratory humidification products	\$116,729	\$110,942
OSA products	96,950	79,687
Patient warming and neonatal care products	18,937	15,849
Core products sub-total	232,616	206,478
Distributed products	7,950	8,387
Total	\$240,566	\$214,865

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

	As at 31 March	
	2005	2004
Cash	\$23,057	\$30,578
Short-term investments	14,000	17,000
Debtors and prepayments	54,592	49,143
Inventories	30,906	24,076
Other current assets	5,103	1,724
Total current assets	127,658	122,521
Property, plant and equipment	82,899	71,545
Other assets	19,753	30,107
Total assets	\$230,310	\$224,173
Current liabilities	\$37,356	\$30,433
Long-term liabilities	923	2,515
Shareholders' equity	192,031	191,225
Total liabilities and shareholders' equity	\$230,310	\$224,173

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

	Twelve Months Ended 31 March	
	2005	2004
Cashflow from Operating Activities:		
Receipts from customers	\$276,453	\$237,027
Payments to suppliers and employees	(175,798)	(153,984)
Interest paid	(302)	(499)
Interest received	1,607	2,355
Dividends received	5	4
Tax paid	(29,836)	(24,726)
Net cashflow from operations	72,129	60,177
Cashflow from (used in) Investing Activities:		
Net purchase of property, plant and equipment	(15,923)	(8,343)
Patent and trademark registration costs	(981)	(1,174)
Net sale of short-term investments	3,058	17,764
Net cashflow from (used in) investing	(13,846)	8,247
Cashflow (used in) Financing Activities:		
Employee share purchase repayments	874	2,225
Net issue (repayment) of share capital	(7,689)	(2,114)
Net repayment of borrowings	-	(42)
Dividends paid	(58,720)	(56,082)
Net cashflow (used in) financing	(65,535)	(56,013)
Net increase (decrease) in cash	(7,252)	12,411
Opening cash	24,252	12,230
Effect of foreign exchange rates	(184)	(389)
Closing cash	\$16,816	\$24,252
 Reconciliation of Closing Cash		
Bank	\$23,057	\$30,578
Bank overdrafts	(6,241)	(6,326)
Closing cash	\$16,816	\$24,252

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

	Twelve Months Ended 31 March	
	2005	2004
Operating revenue	\$162,599	\$132,056
Cost of sales	45,450	38,468
Gross profit	117,149	93,588
Operating expenses:		
Selling, general and administrative	45,543	36,350
Research and development	10,947	8,675
Total operating expenses	56,490	45,025
Operating profit	60,659	48,563
Other income (expenses), net:		
Interest income (expense), net	843	1,180
Other income	385	-
Total other income, net	1,228	1,180
Profit before taxation	61,887	49,743
Taxation	(20,383)	(16,125)
Profit after taxation	\$41,504	\$33,618
Basic earnings per share	8.2 cps	6.6 cps
Diluted earnings per share	7.9 cps	6.4 cps
Weighted average basic shares outstanding	508,686,610	512,119,710
Weighted average diluted shares outstanding	523,841,480	524,113,140

Operating Revenue
(In thousands of US dollars)

	Twelve Months Ended 31 March	
	2005	2004
Respiratory humidification products	\$78,777	\$68,068
OSA products	65,698	49,055
Patient warming and neonatal care products	12,806	9,796
Core products sub-total	157,281	126,919
Distributed products	5,318	5,137
Total	\$162,599	\$132,056

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

	As at 31 March	
	2005	2004
Cash	\$16,327	\$20,212
Short-term investments	9,913	11,237
Debtors and prepayments	38,657	32,484
Inventories	21,885	15,914
Other current assets	3,613	1,140
Total current assets	90,395	80,987
Property, plant and equipment	58,701	47,291
Other assets	13,987	19,900
Total assets	\$163,083	\$148,178
Current liabilities	\$26,452	\$20,115
Long-term liabilities	654	1,663
Shareholders' equity	135,977	126,400
Total liabilities and shareholders' equity	\$163,083	\$148,178

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

Twelve Months Ended
31 March

	2005	2004
Cashflow from Operating Activities:		
Receipts from customers	\$186,855	\$145,677
Payments to suppliers and employees	(118,821)	(94,952)
Interest paid	(204)	(307)
Interest received	1,086	1,447
Dividends received	3	2
Tax paid	(20,166)	(15,197)
Net cashflow from operations	48,753	36,670
Cashflow from (used in) Investing Activities:		
Net purchase of property, plant and equipment	(10,763)	(5,127)
Patent and trademark registration costs	(663)	(722)
Net sale of short-term investments	2,067	10,917
Net cashflow from (used in) investing	(9,359)	5,068
Cashflow (used in) Financing Activities:		
Employee share purchase repayments	591	1,367
Net issue (repayment) of share capital	(5,197)	(1,428)
Net repayment of borrowings	-	(26)
Dividends paid	(39,689)	(34,022)
Net cashflow (used in) financing	(44,295)	(34,109)
Net increase (decrease) in cash	(4,901)	7,629
Opening cash	16,031	6,769
Effect of foreign exchange rates	778	1,633
Closing cash	\$11,908	\$16,031
 Reconciliation of Closing Cash		
Bank	\$16,327	\$20,212
Bank overdrafts	(4,419)	(4,181)
Closing cash	\$11,908	\$16,031

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